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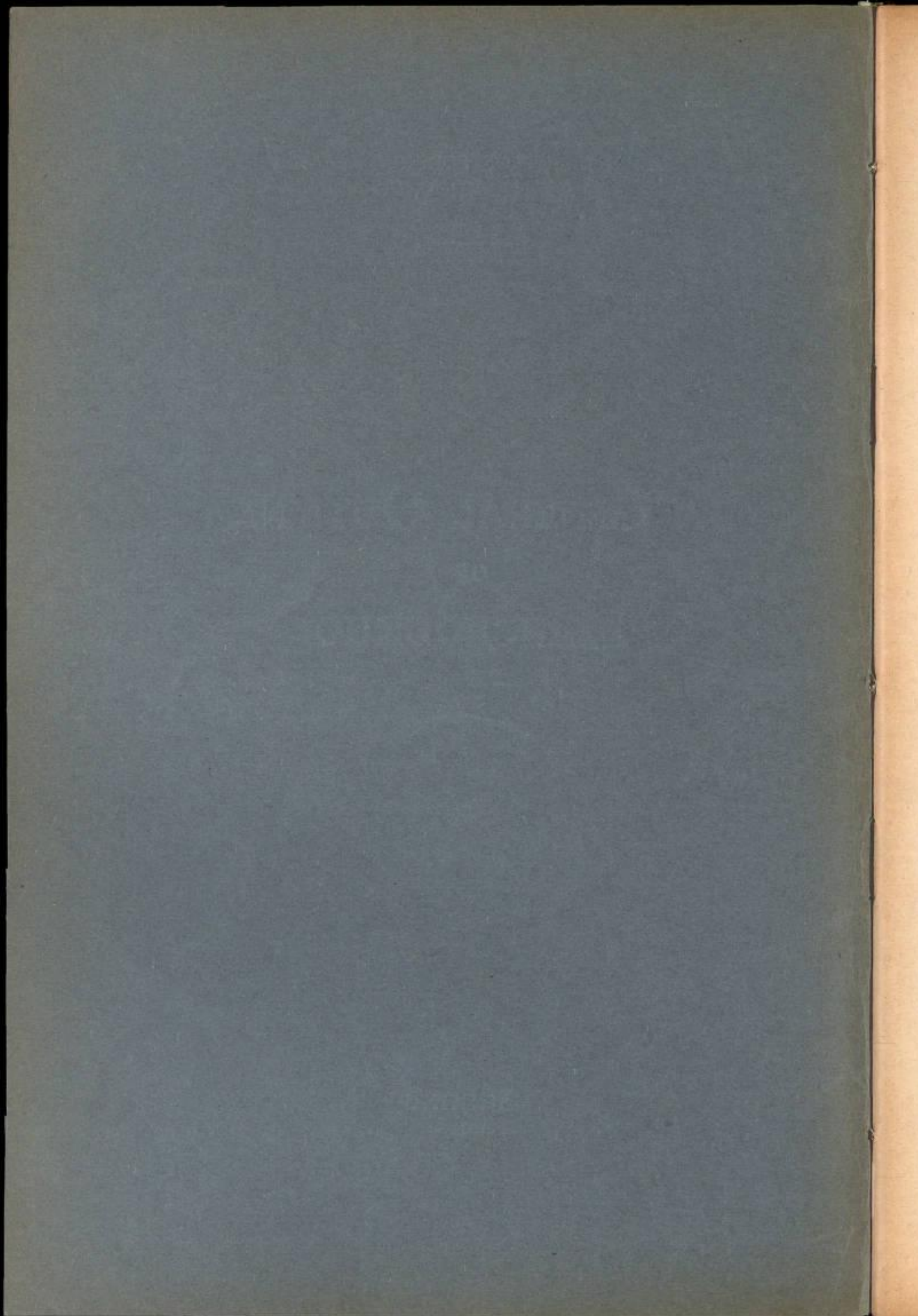
DEPARTMENT OF FOREIGN AFFAIRS  
OF MANCHOUKUO

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**A GENERAL OUTLINE**  
OF  
**MANCHOUKUO**

HSINKING  
1932







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A GENERAL OUTLINE  
OF  
MANCHOUKUO

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*Review of the General Situation  
of Manchoukuo Chiefly Based on Documents  
Furnished to the Commission of Enquiry  
of the League of Nations  
in May, 1932*

DEPARTMENT OF FOREIGN AFFAIRS  
Hsinking



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## CHAPTER I.

### THE BACKGROUND AND SIGNIFICANCE OF THE FOUNDATION OF MANCHOUKUO

The State of Manchoukuo is not the accidental product of any single political incident. Its origins go back into the dim past of history. Its emergence at this date into a well-defined political entity is both natural and inevitable; the manifestation of long repressed desires for release from an intolerable despotism that reduced a free people into slaves of a rapacious landlord oligarchy. The people of Manchuria and Mongolia possess the same

### GENERAL OUTLINE OF MANDCHOUKUO

#### ERRATA

p. 5, 18th line from the bottom .

“ . . . 17th century (1636) . . . ”

should read :

“ . . . 17th century (1644) . . . ”

p. 18, 14th line :

“ . . . retired to *Hailun* . . . ”

should read :

“ . . . retired to Heiho . . . ”

OF CHINESE WERE PERMITTED TO SETTLE IN MANCHURIA, BUT ONLY AS VASSALS OR dependents of the various Banner Corps. Up to the time of the Revolution, Mukden, the ancient domicile of the Chings, was the spiritual capital of their empire. Every five years, the archives of the dynasty were transferred from Peking in imperial state for deposit in the old palace at Mukden, where they still remain to reveal the true facts concerning the status of Manchuria. Manchuria was therefore a special Crown area, separate, distinct, and completely independent of China Proper, whose people have always regarded it as a land of barbarians against whom they had to protect themselves. The Great Wall stands as a permanent reminder of this fear and the desire to keep the two regions separate.



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## CHAPTER I.

### THE BACKGROUND AND SIGNIFICANCE OF THE FOUNDATION OF MANCHOUKUO

The State of Manchoukuo is not the accidental product of any single political incident. Its origins go back into the dim past of history. Its emergence at this date into a well-defined political entity is both natural and inevitable; the manifestation of long repressed desires for release from an intolerable despotism that reduced a free people into slaves of a rapacious bandit oligarchy. The people of Manchuria and Mongolia possess the same inalienable rights to life, liberty and the pursuit of happiness as other freemen of this world, and it was their right and duty to throw off the yoke of their oppressors and provide new guards for their future security when the opportunity was created by the downfall of the former military administration in the wake of the Japanese resort to self-defense on the night of September 18, 1931.

1. *The Manchurian and Mongolian Peoples have a History, Traditions and a Racial Pride of Their Own.*

**Ancient History.** — The vast territory of Manchuria and Inner Mongolia lies between the Amur River on the North and the Gulf of Pechili on the South forming a basin bordered by the Changpai, Kinghan and the Yinshan mountains; a land of fertile plains and wooded highlands, geographically separate and distinct from China Proper, commercial communications being confined to the narrow seaboard strip where the dividing mountains come down to the sea at Shanhaikwan. That this natural boundary was recognized as the political frontier between Manchuria and China Proper is evidenced by the fact that the Great Wall terminates at this point.

From time immemorial, the Manchus and the Mongols have held absolute sway over these regions, organizing themselves into independent communities and states, which were variously known as Pohai, Chin, Yuan and Ching. Wars between these states finally resulted in the latter part of the 16th century in the triumph of the Chings, who became known to the outside world as the Manchus.

**Relations with China.** — In the beginning of the 17th century (1636) the Chings conquered China Proper and made Peking the seat of their government. From that date to 1911, China became an integral part of the Manchu empire. One of the early acts of the Manchu emperors was to declare their Homeland a private possession of the Throne. Decrees were then issued restricting the immigration of the Hans into this imperial preserve and denying them the right to own or lease land therein. Under certain conditions, a limited number of Chinese were permitted to settle in Manchuria, but only as tenants or dependents of the various Banner Corps. Up to the time of the Revolution, Mukden, the ancient domicile of the Chings, was the spiritual capital of their empire. Every five years, the archives of the dynasty were transferred from Peking in imperial state for deposit in the old palace at Mukden, where they still remain to reveal the true facts concerning the status of Manchuria. Manchuria was therefore a special Crown area, separate, distinct, and completely independent of China Proper, whose people have always regarded it as a land of barbarians against whom they had to protect themselves. The Great Wall stands as a permanent reminder of this fear and the desire to keep the two regions separate.



The Manchus and Mongols of today, descendants of the old conquering races, consider themselves as full equals of the Hans and refuse to accept an inferior status under any government set up in China Proper. No government of China has ever conquered these people by force of arms, and if today they are considered by foreign nations as part of China, it is because, in accepting the Settlement Act and laying down their arms after the abdication of their Emperor, their lands were seized by rapacious war-lords and then parcelled out in grants to their henchmen. Millions of refugees swarmed into Manchuria from China Proper to escape the intolerable conditions in their home provinces, but only a few remained as permanent settlers. Yet, on the strength of this illegal confiscation of the Manchu and Mongol domains and the employment of a few million penniless refugees from China Proper to work these properties for their overlords, the people and government of China now boldly declare that Manchuria has always belonged to China, putting forward a claim that no Chinese dared utter before 1911.<sup>1</sup>

<sup>1</sup> In view of the obstreperous claims put forward by Nanking that Manchuria is an integral part of China, going back several thousand years into the dim past to substantiate its contention, it is well to review briefly the salient points in the long history of China; for, if Nanking's claim holds good, then it would appear that present-day Italy has the same right to demand recognition and exact tribute from a large number of free nations who broke away from the old Roman Empire.

The facts show that about 200 years before Christ, Chin Shih Huang then Han Kao-tsu, the founder of the Han Dynasty (about 200 B.C. to 200 A.D.), unified China Proper and built the Great Wall to defend his empire against the frequent invasions of the Northern tribes. After the down-fall of the Hans, there ensued 200 years of civil wars and disunion (about 200 to 400 A.D.) followed by a division of the Empire between the Tartars in the North and the Hans in the South, the period being known as the South-North Dynasties (400 to 600 A.D.). The Empire was then unified under the Tang Dynasty for the three centuries, 600 to 900 A.D.

Soon after the decline of the Tangs, the Empire was again divided, the Kaitais (a Northern Tribe) and later the Kins (ancestors of the Manchus) ruled in the North and the Sung (Chinese) in the South, this lasting from about 900 to 1280. Then the famous Mongolian chieftain, Genghis Khan, appeared and defeated the Kins in the North and his grandson, Kublai Khan, conquered the Sung and founded the Yuan Dynasty, which reigned from 1280 to 1368. Under the Ming Dynasty which followed from 1368 to 1644, China Proper was again restored to the Hans. The decline of the Mings induced the southward advance of the Chings (or Manchus, descendants of the Kins) and China once more came under the rule of a Northern tribe which endured as the Manchu or Ching Dynasty from 1644 to 1911.

During these 2100 years of history, extending from 200 B.C. to the Revolution in 1911, only four major Chinese dynasties (Hans, Tangs, Sung and Mings) succeeded in unifying China Proper, ruling over an aggregate period of about 1100 years. During the remaining 1000 years, China was either ruled by the Mongols and Manchus or was devastated by internecine wars.

Of the four above-mentioned dynasties, the Sung exercised no control over Northern China, to say nothing of the regions outside the Great Wall. The Hans, Tangs and Mings had extended their rule beyond the Wall, but it was never firmly established. Even conceding that the Han, Tang and Ming Dynasties controlled the area outside the Wall during their reigns, the Chinese rule over these territories would not exceed 900 years. On the contrary, China Proper was under the rule of the Manchus and Mongols for longer periods.

In view of these historical facts and considering that for the period 1644 to 1911, China Proper was a dependency of Manchuria, an integral part of the Manchu Empire, and that following the Revolution Manchuria has been practically independent; that a Manchurian war-lord conquered the Republic and for several years ruled the country from Peking with the recognition of the outside Powers; and that in 1930, his son and successor, another Manchurian war-lord, invaded North China and occupied Peking, where he now rules as an independent despot, it is difficult to understand the basis for the claims now put forward by Nanking that Manchuria is and always was an integral part of China.

The facts of history also reveal that the Hans, directing the diplomacy of the Manchus, sold the latter's Homeland to Russia under the terms of a secret treaty of alliance, which enabled Russia to dominate Manchuria with its armies and incorporate it into a Far Eastern Viceroyalty, ruled from St. Petersburg. As a result of this secret diplomacy, the people of Manchuria saw their land become the theater of one of the most bloody wars of modern times, eclipsed in its ferocity and loss of lives and property only by the subsequent World War.

Considering these facts, it is not surprising that the thirty million people of Manchoukuo standing on an independence that has never been taken away from them except on the one occasion when venal Han officials sold them to Russia, from whose rule they were saved by Japan, have declared their absolute independence of Chinese rule with the determination of establishing a government of, by, and for themselves, that will bring peace, happiness and prosperity to all who dwell within their borders.



**Manifestation of Mongol racial spirit.** — The existence of this intense racial spirit was manifested in the wide-spread rejoicing over the establishment of the new state of Manchoukuo and the acceptance by Mr. Pu-Yi of the post of Chief Executive. The enthusiastic reaction of the Mongols and their urgent request to be permitted to join the new state is further evidence of the deep-rooted hostility of these people to the domination of a race which was steadily encroaching on their grazing lands and incorporating huge areas of Inner and Outer Mongolia into new provinces, ruled over by satraps appointed by Peking or Nanking. Mongolia, the heritage of the Mongols, was being gradually absorbed into the Chinese system by the same methods that changed in two decades the Homeland of the Manchus into provinces now insolently declared to be an integral part of the Chinese Republic. The fighting races in Mongolia and Manchuria, lacking modern arms and munitions and the knowledge of modern warfare, were being slowly crowded out of their birthright by Chinese colonists supported by modern-equipped armies which consolidated and extended the rule of the war-lords. Manchus and Mongols alike resented this occupation of their lands and the extension of Chinese rule but were powerless to prevent it. This deep feeling of bitter resentment towards their Chinese taskmasters influenced the Outer Mongolian tribes to cast in their lot with Soviet Russia.

The Barga Mongols have twice attempted to break away from the rule of the Chinese war-lords and set up their own government. The independent Mongol princes of Inner Mongolia have refused to accept the rule of Peking or Nanking and have joined the new State of Manchoukuo, their one hope for justice and the preservation of their lands.

The Manchus and Mongols were always seeking a way to escape from the tyranny of their Chinese overlords. Had the opportunity of freeing themselves not presented itself last year as an indirect result of Japan's military intervention in defence of her own interests, it was only a question of time when some other combination of circumstances would have arisen to make possible this action.

2. *Manchus and Mongols all desired "the Integrity of Borders and Maintenance of Peace".*

**Manchuria belongs to the Manchus.** — Secluded from China Proper and closed to colonization by the decrees of the Ching dynasty, Mongolia and Manchuria were self-contained, and their people found peace, contentment and prosperity within the limits of this vast territory. In recent years, or since the conclusion of the Russo-Japanese war in 1905 and more especially since the proclamation of the Republic, the laws of the Manchus prohibiting the sale and lease of land to Chinese fell into disuse. The rapid development of Manchuria and Inner Mongolia after the Russo-Japanese war, due to the rebuilding of the South Manchuria Railway, the construction of other new lines of communications opening up the country, coupled with the enormous expansion of the soya bean and other crops, the establishment of industries by foreign capital, the opening of mines, exploitation of forests, and a comparative reign of peace, provided opportunities for settlement and gainful employment that had never before existed. However, before and immediately after the Great War, this Chinese immigration into Manchuria was temporary, or what is known as seasonal labor, who returned to their home provinces when the crops were harvested. The continuous civil wars and disturbances in China Proper, combined with the cruel exploitation of the people by the war-lords, impelled millions of these unfortunates to migrate to Manchuria in order to escape from slavery and oppression, but even in the heaviest years of this migration (1923-1930) the total who remained in Manchuria did not exceed 3,000,000. These much advertised migrations, even over a period of twenty seven years, did not change the character of the native population which remained essentially Manchu, that is, the mixture of Manchu, Mongol and Chinese Bannermen, who, up



to 1902, were prohibited from marrying Chinese. The fallacy of the Chinese claims to sovereignty and the conclusions arrived at by the Commission of Enquiry is due to ignorance of these fundamental population figures.

**Change of mentality of Chinese settlers.** — With the exception of the upper and intellectual class, the great masses of these Chinese have no definite or strong national consciousness. As a matter of fact, the Chinese who settle in Manchuria, become imbued with all the old traditions of the country and take on the psychology of the Manchus and Mongols towards the people from "inside the Wall". They look upon China Proper as legitimate prey, becoming inspired with the same old ambitions and dreams of power which throughout the centuries have resulted in those cycles of invasion from the North against which the Chinese erected the Great Wall. As long as China was part of Manchuria under the rule of the Chings, the Wall was simply a line of demarcation between the lands of the conquered and their conquerors. But when the Chings abdicated and their Homeland for the first time in history was forcibly incorporated in the Republic, the old cycle started where it left off in the 17th century. Thus, we find the Manchurian chieftain, Chang Tso-lin, after consolidating his rule over the territory north of the Wall and declaring his independence of China proper, invading and conquering that country as far south as Shanghai and setting up his capital in Peking, where he ruled and for several years was recognized by the Powers as the legitimate government of China. After his retreat from Peking in 1929 and his death as he arrived at Mukden, we find his son and successor Chang Hsueh-liang once more leading the Manchurian armies into North China and reestablishing the Manchurian power at Peking, where, under the terms of a secret military alliance with the Nanking war-lord, he officiates as the Vice-Commander of the Armies of China, the "Co-Ruler" of the Republic. The only bond that united Manchuria with China Proper was this private pact between two war-lords, a mere truce between irreconcilable and warring factions to be observed until one side or the other feels strong enough to resume the struggle for supremacy.

**Secret pact between Nanking and Mukden.** — The people of Manchuria have never accepted the implications of any confidential agreement which subordinates them to the rule of Nanking or Canton as the case may be and resent any attempt to impose this yoke upon them by foreign intervention which recognizes these Southern factions as their legitimate overlords. The great mass of the people of Manchuria are indifferent as to who rules them as long as he is one of their own kind. Under such a leader, all they ask is a just administration and to be permitted to live in peace and enjoy the fruits of their labor. The great hope of these people is to preserve "*the integrity of their borders and internal peace*". When Chang Tso-lin declared his independence of China Proper and started to build up an immense army for the purpose of invading and conquering the country south of the Wall, the people of Manchuria were divided into two camps. The army leaders insisted upon carrying through the adventure in order to exalt the military prestige and carve out new "livings" for themselves and their troops; the civilian element, who would have to pay the bills, urged him to remain at home and attend to his own affairs by improving the condition of the people and maintaining "*the integrity of the borders and internal peace*". The controversy was terminated by the triumph of the military. The will of the people of Manchuria, expressed through the only medium that existed for this purpose, was overruled, and the country was plunged into the vortex of civil warfare in China. Chang Hsueh-liang led his armies inside the Wall, occupied Peking, and assumed control of the government of North China. Unable to effect his expulsion by force of arms, Nanking was compelled to accept the accomplished fact and confirm the Manchurian war-lord's title to rule North China under the terms of a secret understanding which, according to reports made public, nominally recognized Nanking as the National Government. The title of Vice Commander of the National land and sea forces was conferred on the Manchurian warlord, together



with equal authority in the conduct of the government. The demise or defeat of the Nanking warlord would automatically confer upon his Manchurian colleague the title of Generalissimo of all the armies with supreme control over the administration of the government. A Manchurian warlord would once more rule over a large part of China Proper, necessitating a further increase in his armies to hold the country in subjection and entailing further burdens on an already impoverished people.

**Consequences of the secret pact.** — Because of the secret pact, the so-called Government of the Republic of China has never dared to assert its authority over Manchuria or even North China. It has neither deprived the ousted warlord of his high offices nor even censured him for failing to hold the territory that it now brazenly declares is under its jurisdiction. On the contrary, it admits its impotence and confirms the equal power of the ex-Manchurian war-lord by handing over to him full control of its diplomatic and propaganda machinery, including direction of its Ministry of Foreign Affairs, its representation abroad and its delegation to the League of Nations. It is necessary to emphasize these facts in order to give weight to the assertion that Manchuria is still free and independent of China Proper. It has never been conquered by the Hans nor come under the jurisdiction of Nanking.

The direct result of this alliance between Chang Hsueh-Liang and Chiang Kai-shek and of the necessity of maintaining an army of occupation in the conquered provinces of North China, was the rapid impoverishment of the people of Manchuria and Mongolia, whose legitimate contributions were insufficient to meet the enormous war expenses. This falling off in revenues inevitably led to extortionate and confiscatory taxation; reckless issue of inconvertible paper money; monopolization of the produce market, centralization of banking, industry and commerce under the official combine and other evils and malpractices that completed the ruin of the people. Added to this, the violent anti-foreign agitation and propaganda directed by Kuomintang agents who swarmed into the province invited the retaliation of those nations whose interests were menaced.

In the light of these irrefutable facts, it is but natural that the people of Manchuria and Mongolia feared the prospect of becoming still further involved in China's civil wars, inviting invasion of their soil by hordes from the South. Menaced from all sides by the threat of retaliation and armed invasion, the people of Manchuria and Inner Mongolia trembled for their security. They were already bled white. They could endure no more. It is only necessary to state the facts in order to convince an impartial Court of inquiry that the people of Manchuria and Mongolia desired to extricate themselves from further oppression and perils by severing all connections with a system that so callously ignored their interests.

**China represented by Manchurian war-lord's henchmen.** — Today, as China's appeal to the League comes up for discussion, we find that the Nanking Minister for Foreign Affairs and two of the Delegates defending its case at Geneva are the nominees of Chang Hsueh-Liang, his right-hand men and counsellors. The diplomacy of the National Government of the Republic of China is the diplomacy of the ousted Manchurian war-lord, seeking to retain his "living"; the working of a secret pact which joins together two military despots for perpetuating their hold over a helpless people.

The Government and people of Manchoukuo and Mongolia reject the right of the puppet government at Nanking to intervene in its affairs by prostituting its powers derived from foreign recognition in order to impose upon them the rule of a tyrant they have deposed and driven from the country. The continued presence of his henchmen, officiating as the Minister of Foreign Affairs in the Nanking Government and as China's delegates to the League of Nations is regarded by the people of Manchoukuo as a direct challenge. Like the "Three Tailors of Tooley Street", these delegates do not speak for the people of China. They do not represent the Kuomintang or the National



Government of the Republic of China. They do represent and speak for the ousted war-lord of Manchuria, the erstwhile conqueror of North China and the Co-Ruler of the Republic.

**Failure of Nanking to help Manchurian peoples.** — The people of Manchoukuo resent this interference in their affairs. If Nanking entertained honourable intentions towards them, why did it not dispatch its highest officials to Manchuria to take over control when the government of Chang Hsueh-liang collapsed! There was plenty of time between the incident of September 18 and the establishment of the new State for Nanking to exhibit some evidence of its good-will and intentions.

Nanking made no attempt to convey to the people of Manchuria and Mongolia its desire or intention to right their wrongs. It made no effort to conciliate, compromise or find a way out of their difficulties. From the very outset of the trouble, Nanking stood firmly behind Chang Hsueh-liang, supporting his right to rule over them, destroying any lingering hope in the minds of the Manchurians that their wrongs would be redressed or their sufferings alleviated. The handing over of its diplomatic and League machinery to the henchmen of Chang Hsueh-liang convinced the people of Manchuria and Mongolia that their salvation could come only from their own exertions.

The people of Manchoukuo fear for their future, for their lives and liberties. They know what the return to power of Chang Hsueh-liang means to those who have dared to stand up for their rights since his downfall; they know that the alliance between Chang and Chiang means death to all who have had the courage to denounce their crimes and set up a government of their own. They have already paid in full for this alliance which plunged them without their consent into foolhardy adventures inside the Wall.

3. *In 1896, Manchuria was secretly sold to Russia by Li Hung-Chang which brought upon its people the most disastrous war of the century. China Proper has permitted Russia to incorporate Mongolia into her system of Soviet Republics without protest. Canton entered into an alliance with Moscow, in order to establish its rule over all China. What guarantee have the people of Manchuria and Mongolia that they will not once more be sold under the terms of some secret agreement? What is Manchuria's future under the rule of China? The right to exist. Manchoukuo's appeal.*

**Secret treaty of alliance between China and Russia.** — Looking back into the past, the people of Manchuria recall with sorrow and indignation that their birthright was sold by a Han official to imperial Russia under the terms of a secret treaty of alliance that even their Empress dared not communicate to them.<sup>1</sup>

They were never permitted to know how they had been handed over to the exploitation of Russia to the point where their territory was annexed, closed to foreign trade, travel and residence and ruled over by a viceroy appointed by the Czar. They could not understand the meaning of the building of Russian railways across their plains, the occupation of their cities by Russian battalions and the transformation of their fishing villages into naval bases and impregnable fortresses. They saw their land converted into a battle-ground between the contending armies of Russia and Japan. Then, to their surprise, they found their sovereignty restored to them by the Japanese, but they were told by their officials that Japan was their enemy, that they must oppose her in every way. Not until 1921 did they realize that they had been sold to Russia so that the armies of the Czar could get into a position to wage war upon Japan. Not until the Washington Conference did China officially admit the treachery of the Han statesman, Li Hung-

<sup>1</sup> So fearful was she that the truth might leak out and cause a revolt of the Manchu Banner-men that she kept her copy of this treaty concealed in a safe in her private apartment, deep within the precincts of the Forbidden Palace in Peking.



chang, by revealing the abridged text of the 1896 secret treaty of alliance with Russia. The treaty was to endure for fifteen years. It was never denounced.

**What the secret treaty meant to Manchuria.** — Despite Peking's face-saving declaration of neutrality at the outset of the war, China was secretly bound by its terms. Had the existence of this treaty been known at Portsmouth, Japan would have been justified in demanding an indemnity from China that could only have taken the form of the cession of her sovereignty over Manchuria.

That Manchuria was not definitely torn apart from the Chinese Empire was due to the tremendous sacrifices of Japan and the profound secrecy surrounding the Li-Lobanoff treaty of alliance. The people of Manchuria now understand that, had it not been for Japan, they would have become permanently a part of the Russian Empire.

**Manchoukuo opposes the view that it is an integral part of China.** — The Government and people of Manchoukuo reject the political formula which includes their territory as an integral part of the so-called "Republic of Central Splendour". It notes that at the time this theory was first expounded by an American Secretary of State, and subscribed to by the Powers, Manchuria was a part of the Imperial Russian system, ruled over by a Russian vice-roy. It is also remembered that the Chinese Government of the day never subscribed to the principle. It dared not openly recognize the doctrine without repudiating the secret treaty of alliance and breaking faith with and inviting the swift retaliation of Russia. The Open Door Doctrine and its corollary principle of the territorial inviolability of the Chinese Empire was therefore not applicable to Manchuria until after Japan had driven the Russians out and restored to the Manchus their lost sovereignty over their Homeland. It is obvious that had the American Secretary of State (whose name is now associated with the doctrine of the Open Door) known of the existence of the secret treaty of alliance between China and Russia aimed at Japan and which handed over Manchuria to the Russian armies, he would never have intervened in such a situation to promulgate a doctrine which bound Japan to respect the territorial and administrative integrity of China, while the latter country was secretly allied with Russia to encompass her ruin.

**The implications of the secret treaty were not stressed at the Washington Conference.** — Had the implication of this treaty been understood or stressed at the Washington Conference, it is doubtful whether the Nine Power Treaty would have been subscribed to by its signatories.

It is known to the Government of Manchoukuo that the Japanese Delegate at the Conference, in an honest desire to further the cause of world peace, purposely refrained from any comment when the abridged text of the secret treaty of alliance between China and Russia was read out by the American Secretary of State, Mr. Charles Evan Hughes.

Had the Japanese Delegation at that tense moment demanded the filing of the full text of the Treaty and the reopening of the whole Manchurian case based on the disclosure of this evidence, the Nine Power Treaty could never have been signed. The most vital piece of evidence which provided the missing link to the Chinese political puzzle and clarified the policies of other Powers, as well as justifying the Anglo-Japanese Alliance, was ignored, set aside and its carefully edited phrases, which concealed its sinister significance, buried in the records in order that the Conference might carry through its program.

**Manchurian question not settled at Washington Conference.** — The enlightened people of Manchuria have long sensed that sooner or later the question of Japan's rights in their territory would once more precipitate a crisis that would involve their existence and independence. It became increasingly clear after the Washington Conference and the signing of the Nine Power Treaty that the Chinese Government intended to make good its



threat to seek a solution of the Manchurian question on "all future appropriate occasions". As it became more and more evident that China could not accomplish her declared intentions except by a resort to force, the policy of Nanking and the young Manchurian war-lord in provoking Japan in Manchuria caused increasing alarm to the people who would again suffer the consequences of an open conflict.

It is necessary and right for the Government of Manchoukuo to invite attention to these matters in order to emphasize the grave danger of further international interference in its affairs without a precise knowledge of all the facts. Failure at the Washington Conference to take into consideration the situation arising from the secret treaty has merely tended to complicate the problems of Manchuria and make difficult any solution. When Nanking appealed to the League to intervene in the dispute with Japan last year, the real issue was the validity of the 1915 Treaty. To the leaders of Manchuria this meant that Japan's whole case in Manchuria would perhaps have to be reconsidered in the light of China's confession at the Washington Conference. The facts are beyond dispute. The secret treaty of alliance between China and Russia which clearly denotes hostility and aggression against Japan is officially filed with the American State Department, but the full text has never been made public. There is no statute of limitations to the acts of a nation and if the Sino-Japanese treaty of 1915 were to be invalidated, Japan would have to go back to the Portsmouth Treaty and claim damages for which China is still legally and morally liable. The leaders of Manchuria cannot close their eyes to the fact that the only termination of such a dispute would obviously be the impairment of Manchuria's administrative integrity or even the loss of her independence.

While only a side issue to the main principles involved in the establishment of the new state, the enlightened people of Manchoukuo in declaring their independence of China Proper, believe that they have definitely solved a problem affecting their future status that relieves outside Powers from any further interference in their affairs.

**China and Soviet Russia.** — The neighboring territory of Outer Mongolia has been gradually absorbed by Soviet Russia without even a mild protest from a succession of so-called Chinese Governments.

The cruelties of the Chinese war-lords, who for a short time represented the rule of Peking in Urga, so antagonized the Mongols that they welcomed the aid of Russia in freeing themselves from this oppression. The Mongols declared their independence, set up their own government and entered the Soviet Union. Like Manchuria, under the rule of a Russian viceroy, Mongolia is now a Soviet preserve closed to foreign trade, travel and residence.

The people of Manchuria have also witnessed with apprehension another alliance entered into between the Southern Hans and Moscow under the terms of which the Cantonese armies were financed, armed and munitioned by Russia and led to victory by Soviet generals and political advisers. Although the Communist element in the Kuomintang party was subsequently overthrown and forced to surrender its power to the government headed by Chiang Kai-shek, it is still a powerful factor in Chinese politics, menacing the very life of the Nanking Government. The Communists may yet triumph in Central and South China and seize control of the Kuomintang Party and the Nanking Government.

Recalling their past bitter experiences, the people of Manchuria have no guarantee that they will not again be sold to Russia under the terms of some secret agreement or alliance, and with Central and South China honeycombed with Soviet communities, overrun and terrorized by Communist armies; with Mongolia a part of the Soviet system and the northern part of their provinces held as a Soviet sphere of influence, they feel the danger of their land being made a pawn of empire and drawn into a conflict in which they have no interest.



**Manchoukuo's duty to defend itself.** — They sense that if these conditions are permitted to drag along, sooner or later battles will again have to be fought on the soil of Manchuria. They are determined to avoid this by defending "*the integrity of their borders and insuring the peace of their people*".

The people of Manchuria and Inner Mongolia cannot be criticized if, like other states, they want to guard their frontiers by measures that ensure their security against invasion. These frontiers are long, in places undefined, and at present, wholly unguarded. Their position is aggravated by the peculiar political situation existing in the independent Republic of Mongolia and the declared intention of the Mongols to recover the territory that has been incorporated into the Chinese war-lord system. The Mongols are now organized into armies led and trained by Soviet officials closely allied with the Red army. Any conflict between the Mongols and the war-lords of China must vitally affect the peace and security of Inner Mongolia and Manchuria, and as long as these territories remain under even the nominal suzerainty of China Proper, they cannot escape being drawn into a dispute that could only terminate in the loss of their independence and absorption into the Mongol-Soviet Union.

**Guide for the future.** — Our only guide for the future is the lessons of the past. The forces at work in Mongolia and Central Asia are of such a nature that unless China Proper is able to guarantee the integrity of its borders, it becomes the bounden duty of Manchoukuo to take immediate steps to protect itself. The people of Manchuria and Mongolia dare not rely upon Nanking under Kuomintang influence to provide this protection. They lack the means, however, to defend themselves alone. Their country is squeezed dry. All their wealth has been confiscated to swell the fortunes of their war-lords. Their only hope lies in assistance from the outside, and for this reason they have gratefully adopted Japan's friendship and entered into a treaty for mutual defense.

In thus assuring the peace and security of its own people, Manchoukuo is assuming its obligations to the rest of the world for the preservation of the peace of the Far East.

**Why Manchoukuo will not recognize China's sovereignty.** — The people of Manchuria and Mongolia entertain no illusions about their future under any arrangement that would recognize any group in China Proper as their nominal sovereign. They have freed themselves from the fate of the unhappy 500 million people in China.

With the abdication of the Ching dynasty, all authority disappeared in the succession of civil wars for place, power, and pelf on the part of the military clique and their successors, the Kuomintang Dictatorship. No real National Government has arisen in the last twenty years to take the place of the monarchy and consolidate its authority over this vast country. At no time in the past two decades has a government existed in China that could speak for the whole country.

**The Nanking group has no real authority.** — The Nanking Group presumptuously styles itself the National Government of the "Republic of Central Splendor". It is but a fiction recognized by the Powers to maintain the continuity of diplomatic intercourse and give effect to a series of treaties that have no binding force on the people of Manchuria. These treaties are based on the assumption that there is a representative government of China which exerts authority and can discharge its functions internally as well as externally. No such Government exists in China. The so-called National Government of the Republic exerts no real authority over the country. Its rule is restricted to the coastal provinces of Kiangsu, Chekiang and parts of Anhwei and is maintained by the revenues from foreign trade derived from the port of Shanghai. Were it not for the fact that China's maritime customs are pledged as security for various foreign loans, that the administration and collection of the import and export duties are supervised by foreigners, and that it is to the interest of the creditor nations to preserve the integrity of the customs to



guarantee payment of their loans, the Nanking regime would long ago have collapsed.

The whole Yangtze Valley is up in arms against the despotic rule of the Kuomintang minority. Fighting is going on in Szechuan, in Shantung, in Thibet; Communist armies occupy Hunan, Hupeh and Kiangsi. Canton does not recognize its authority. North China has been surrendered to the young Manchurian war-lord under the terms of an alliance which makes him the "Co-Ruler of China". The Nanking group has only one loyal province, Chekiang, the home of its war-lord, who has handed over the finances of the government to Chekiang bankers and the high places in his administration to his immediate family. In its administration of domestic affairs it is helpless; its conduct of foreign affairs is a menace to good neighborly relations and world peace. It does not and never did constitute a government in the modern acceptance of the word. It fails to meet the requirements of a self-governing state, exercising full authority within its recognized boundaries. It does not come up to the standards demanded of a country under mandate to acquire independence.

**Plight of the peoples of China.** — The people of China have no voice in the management of their own affairs. There is no machinery for registering the will of the people. They are harassed, oppressed, outraged and enslaved by a small group of generals and politicians. The five hundred million peaceful, home-loving, hard-working, illiterate and inarticulate people exist in constant fear of their lives and liberties. They see no hope for the future; no way out of their sufferings and misery.

Notwithstanding the concession on the part of the Foreign Powers of the boon of tariff autonomy, the Nanking Government, instead of employing the increase for the benefit of the people or for the payment of defaulted and repudiated foreign obligations, hypothecated every cent as security for domestic war-loans whose proceeds have been dissipated in the purchase of arms and munitions and in the prosecution of wars of personal ambition. In the past four years domestic loans aggregating a billion silver dollars have been floated on the security of the surplus customs revenues, and this huge amount, in addition to the ordinary income, has disappeared in ruinous campaigns.

**The people of Manchuria have escaped from this plight.** — The people of Manchoukuo have escaped from this condition of slavery. The proclamation creating the new State expresses their true desire to live in security and peace as they did under the Ching or the Ming dynasties. They even look forward to a renaissance of the glorious Tang and Yu dynasties. The people of Manchuria and Mongolia can endure no more. They reject any compromise with the Kuomintang Party, knowing only too well that should they come under the rule of Nanking, sooner or later their liberties will be destroyed, their properties confiscated and their state handed over to the communists. Their race would then become extinct.

The right to exist is fundamental, a gift from the Heaven that placed us on this earth and decreed that all men are created equal. The lands of the earth were willed by Heaven to the people who sprung from its soil. The lands of Manchuria and Mongolia are the gift of Heaven to the peoples who have inhabited them since the beginning of time; to the Manchus and the Mongols, who first developed them and evolved through the centuries their own nationalism, their own culture, languages, writing, traditions, history and pride of race. The birthright of the Manchus and Mongols has been handed over to a group of feudal warlords who held the tenants in a state of serfdom or, in some cases, in complete slavery. Hans also, refugees flying from the persecutions of their taskmasters in China Proper, seeking relief from their sufferings in Manchuria, were forced to become the serfs of the oligarchy who had acquired title to all the most valuable public lands.

If the world is to condone and pardon these high crimes against Humanity, the cruelty, greed, extravagance and debauchery of the Northeastern bandit oligarchy and their pursuit of personal gain at the expense of the people,



then it is futile to expect sympathy with and understanding of our cause. If Humanity at large remains deaf to the cries of anguish welling up from 30,000,000 defenseless people condemned to remain under this intolerable yoke and await death in a region where cruelty and outrage reigns supreme; if the verdict of the outside world condemns these unfortunates to further oppression; if it declares that the agreements entered into by foreign powers are more sacred than the basic laws of civilization; then their appeal for justice will be in vain, and they are entitled to seek by any and every means in their power to save themselves and assert their right to live. If Justice and Humanity had intervened in time to save them from enslavement; if any sympathy or assistance had been extended to these innocent and defenceless people of Manchuria and Mongolia, they would long ago have routed the bandit oligarchy and set up a new government. But no help came from the outside. No attention was paid to conditions which would not be tolerated in any other part of the civilized world. Any protest or even mild remonstrance, any outspoken criticism or evidence of dissatisfaction from the "stupid people" meant swift decapitation. Even speculation in the depreciated paper currency, which lowered the official rate of exchange, was followed by the execution of the brokers. Powerless to defend themselves, the people became paralyzed with fear. There seemed no way out of their suffering. Their groans of despair and prayers for deliverance could not reach the outside world. No spokesman dared to champion their cause abroad. The people of Manchuria and Mongolia as well as those of China proper were betrayed into the hands of a military oligarchy accepted by the Powers as a government worthy of respect and whose representative was unanimously elected to a seat on the Council of a League of Free Nations with a voice and vote in the making of laws that the freemen of the world are expected to obey. What hope had the people that their government would receive attention from a world openly allied with their oppressors?

**What Japan's intervention meant to the peoples of Manchuria and Mongolia.**  
— The people of Manchuria and Mongolia therefore held no illusions. The proclamation of the foundation of the new state, or its declaration of independence, says :

" Happily, through the aid of the army of a neighboring country, it was made possible to expel these corrupt and vicious elements from the stronghold wherein they had entrenched themselves for many years past. The citadel of misrule and corruption is now being given a thorough renovation. This we believe is a Heaven-sent opportunity to the people of Manchuria and Mongolia to shake off their shackles ".

The people of the Orient have been taught over five thousand years to reverence Heaven and respect its decrees. The people of Manchuria and Mongolia gratefully and devoutly accept Japan's intervention as a direct answer to their prayers, a Providential mediation which enabled them to throw off the yoke of slavery and stand forth once more as freemen. This they have done and have planned measures for safeguarding their precious freedom, by organizing a new political system and State and declaring their independence.

The people of Manchuria fear nothing now that they are free to govern themselves. Their aims and aspirations as set forth in their declaration of independence are to abide by the Rule of Right; to concede to all races, peoples and residents in their territory that right to peace and the pursuit of Happiness which is the foundation of all good government, and to build up a model state that will discharge its international obligations by maintaining internal law and order and guaranteeing the permanent peace of the Orient. This is a worthy ideal. If justice and peace is the goal of mankind, the people of Manchuria and Mongolia should be assisted to assume their share of the burden in the sphere that Nature and Heaven has set apart as their



birthright, in the land handed down to them intact by their ancestors and which, Heaven willing, they intend to hold against any and all foes.

**Manchoukuo's appeal to the world.** — They are satisfied that no help will come from the outside in their hour of dire need. Still Manchoukuo does not ask for assistance : it appeals to the world to recognize its right to apply that same basic law of self-preservation that other nations and peoples reserve to themselves in order to be prepared at all times to resist invasion. Manchoukuo declares its firm determination to stand on this fundamental and reasonable right of the individual and the nation, not only for its own preservation, but as a guarantee to the rest of the world that the peace of the Far East shall be preserved. The state of Manchoukuo stands ready and willing to discharge its obligations to its neighbors and to the world, an obligation that the war-lords of China Proper have been unwilling to assume. It has erected itself into a buffer between the four states whose conflicting interests might sooner or later plunge the world into a war that may destroy civilization. A strong and independent Manchoukuo with well-defined and well-guarded frontiers, constitutes a guarantee that this catastrophe will be averted. If the new State is to fulfil its mission, it must have the sympathy, respect and recognition of the rest of the world. It appeals to the enlightened opinion of mankind for the recognition that will enable it to push forward and complete its plans within the shortest time possible. It believes that when all the facts are known and truth emerges from the clouds of misunderstanding, gross misrepresentation and malicious falsehoods, the world will welcome and extend recognition to a nation upon whose stability, good-will and strength, may hinge the future of world peace.

**Bright future ahead.** — "Joy in the present brings forgetfulness of past sorrows. Hope for the future enables one to endure the hardships of today". After passing through such a long period of suffering, the peoples of Manchuria and Mongolia are glimpsing ahead a new and brighter future and rejoice at the prospect of peace and prosperity. Fear and despair have given place to fortitude, confidence, and faith in their destiny.

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## CHAPTER II.

### THE FOUNDATION OF MANCHOUKUO AND ITS DECLARATION OF INDEPENDENCE.

#### I. Independence of the Provinces.

When the incident of September 18, 1931, dispersed the garrison forces at Mukden, the government of Chang Hsueh-liang utterly collapsed. The civil officials either fled inside the Great Wall or concealed themselves elsewhere in order to escape the fury of a people they had oppressed. The government of China is the army. When the army is defeated, all authority disappears. There are few civilians competent to carry on. This is what happened at Mukden after the night of September 18. The civil administration disappeared, and a vacuum was created that had to be filled. To preserve law and order, the Commander-in-Chief of the Kwantung army, as a matter of urgent necessity, on September 30 appointed Colonel Doihara as temporary mayor of Mukden. The selection of this official was influenced solely by the fact that he speaks Chinese fluently and was acquainted with all the leading Chinese of the city.

**City of Mukden.** — On October 25, that is as soon as the maintenance of law and order was assured and the city settled down to normalcy and business could be safely resumed, Colonel Doihara and his Japanese assistants resigned their posts, handing over the administration of municipal affairs and police control to Dr. Chao Hsin-Po who assumed the post of Mayor of Mukden and immediately instituted much needed reforms in the administration of the city. Later, when the new State of Manchoukuo was established, Dr. Chao was succeeded by Mr. Yen, who still holds the post.

**Fengtien (Mukden) Province.** — As with the Municipality, the Mukden Provincial Government collapsed with the flight of its officials. On September 25, or one week after the incident, the Committee for the Preservation of Local Peace and Order was organized under the leadership of Mr. Yuan Chin-kai. On October 21, 1931, this Committee took over the duties of the Provincial Government. On November 10, 1931, the Directing Committee for Self-Government was established in Mukden under Mr. Yu Chung-han, adopting as its slogans "Overthrow the tyrannic government of the war-lords" and "Build up a democratic government". This committee gave strong support to the municipal and provincial administrations and laid the foundation upon which to build the independence of the province.

On December 15, 1931, a convention attended by delegates representing the civil associations of the whole province was held in Mukden. At this meeting the independence of the province and the formation of a new government was decided upon. Mr. Tang Shih-yi was nominated and elected governor of the province and its independence was declared.

**Kirin Province.** — The situation in this province was somewhat different. The old officials remained at their posts, and in deference to the wishes of the people, General Hsi Hsia, Chief-of-Staff of the Kirin Army, assumed the office of Governor on September 26, 1931. Two days later, he declared the independence of the province. General Hsi Hsia endeavoured to govern the province to the satisfaction of the people, but his efforts were hampered by a formidable faction of the Kirin army under the command of General



Chang Tso-hsiang, which on November 5, 1931, set up an opposition government at Harbin. In spite of all efforts on the part of General Hsi Hsia to arrive at a peaceful solution, he failed to save the situation. Encouraged by the attitude of Fengtien in asserting its independence, General Hsi Hsia determined to fight the opposition group and in February, 1932 proclaimed the new régime.

**Heilungkiang Province.** — In October, 1931, after establishing a new government at Taonan, General Chang Hai-peng attempted to enter Tsitsihar but found himself opposed by the army of General Ma Chan-shan, who destroyed the railway bridge over the Nonni River.

In order to rebuild the bridge and open up through communications, the Japanese troops were forced to fight General Ma's army.

On the entrance of the Japanese troops into the city of Tsitsihar on November 19, 1931, General Ma Chan-shan retired to Hailun. As he began to understand the real purpose of the Japanese army, and seeing that his opinion was in conformity with that of General Chang Ching-hui, who had declared the independence of the Special District of the North Eastern Province, General Ma agreed that General Chan should enter Tsitsihar to assume the post of Governor of Heilungkiang Province. After a further conference and understanding with General Chang, General Ma succeeded him as Governor and declared the independence of the province.

**Jehol Province.** — General Tang Yu-lin, the Governor of Jehol Province, declared the independence of that province on September 29, 1931, but as long as Chang Hsueh-liang's government existed at Chinchow, he refrained from taking positive steps beyond the border of the province, assuming for the time being a neutral attitude to watch and await developments.

## 2. Progress of the Movement for the Establishment of the new State.

Chang Hsueh-liang and his clique attempted to regain their authority without success, and when the Chinchow government collapsed, they fled south of the Great Wall and took refuge in Peking. Meanwhile, the movement in Manchuria for the establishment of a new State steadily progressed. In January 1932, the Directing Committee of the self-government movement initiated a systematic campaign to educate the masses and to assert their rights, stressing such simple slogans as: "Establish our own State", "Maintenance of Public Safety", "Sustenance of Public Strength", "Abolish Evil Habits and Customs", "Promotion of Education", "Improvement of Industry", etc., etc.

On February 16, Chang Ching-hui, Tsang Shih-yi, Hsi Hsia, Chao Hsin-po and other representatives of the people assembled at Mukden to discuss the establishment of a new State and set forth its aims. On February 18, these representatives issued a Declaration of Independence and organized the Eastern Provincial Administrative Committee headed by Chang Ching-hui, and six leading members, namely, Tsang Shih-yi, Hsi Hsia, Tang Yu-lin, Ma Chan-shan, Ling Shan, Chi Wang (Refer to Appendix I), and on the 25th cabled to domestic and foreign countries the announcement of the organization and establishment of a new State and its aims.

The movement rapidly spread to all parts of Manchuria. In every prefecture of Fengtien Province, public meetings were held under the auspices of the "Directing Committee of Self-Government"; delegates from all Prefectures convened at Mukden on February 28 and passed resolutions calling for the establishment of a new State.

In Kirin Province, the "Establishment Committee of the Provincial Government" was organized on February 20, the Changchun Prefectural Federation on the 24th, and on the 25th was held a Provincial Assembly attended by delegates from all prefectures, which adopted resolutions eagerly setting forth hopes for the immediate establishment of a new State.



In Heilungkiang Province, the establishment of a new State was voted upon unanimously at the meetings held from the 22nd to the 29th of February by delegations representing organizations and public bodies from every prefecture.

Representatives of the Eastern Mongolian Banners met at Chengchiatun on February 10th, and submitted their resolutions to the Eastern Provincial Administrative Committee, supporting the movement for the establishment of a new State and expressing their desire to join it.

The movement having reached a climax, on February 29th a convention of the All-Manchurian Movement for establishing a new State was held at Mukden, attended by 700 delegates from every province and prefecture and from Mongolia; Koreans from different districts were also present at the meeting. The convention passed a resolution and a declaration regarding the establishment of a new State and unanimously elected Mr. Pu Yi as Chief Executive.

### 3. Foundation of Manchoukuo.

On February 25, 1932, the North Eastern Provincial Administrative Committee announced the general scheme for the organization of the new State; i.e. the new State to be called Manchoukuo; the Ruler to be Chief Executive; the Flag to be a five-coloured one; the new Era to be called Ta-Tung and the capital to be Changchun.

The fundamental law governing the organization of the Government together with a Bill of Rights for the people were drafted on February 29th.

On March 1st, the Eastern Provincial Administrative Committee, in the name of the Manchoukuo Government, issued a formal declaration of the establishment of the new State (refer to Appendix II), whereupon the old Four Eastern Provinces, having completely severed their connection with the Republic of China, came into existence as a new State called "Manchoukuo".

Mr. Pu Yi, who was unanimously elected Chief Executive by the Eastern Provincial Administrative Committee and by a special convention held to discuss the establishment of a new State, came to Changchun where he was inaugurated as Chief Executive on March 9th.

The fundamental law regulating the organisation of the government and the Bill of Rights of the People were promulgated on the same day, and on March 10, Cheng Hsiao-hsu, Prime Minister of the State, and other high officials were appointed.

The new state of Manchoukuo, through its duly elected and appointed officials, announced its aims and made clear its mission to all domestic and foreign countries. In order to obtain their recognition, Mr. Hsieh Chieh-shih, Foreign Minister, sent cables on March 12th to the Foreign Minister of seventeen States.



CHAPTER III.

THE ORGANIZATION OF THE GOVERNMENT.

1. The Fundamental Regulations and Organisation of the Central Government.

Manchoukuo shall be a Constitutional Democracy, and its Constitution, based on the will of the people, will be promulgated. Until the Constitution is promulgated, the State shall be governed by the Organic Law and the Guarantee Law of Civil Rights.

The Organic Law lays down the fundamental organization of the Governmental Organs which were created by Ordinance No. 1, issued on March 9th, the first year of Ta-Tung. Details are shown on the diagram attached to Appendix V, the characteristic feature being the Three Councils, i.e., the State Council, the Supervisory Council, and the Legislative Council, the two latter being independent of the State Council.

As the members of the Legislative Council have not yet been elected, laws will be provisionally drafted by the State Council and will become effective after the Privy Council has been consulted and the sanction of the Chief Executive obtained. Several important and urgent laws of this nature have already been enacted and promulgated. Since the enactment of all necessary laws is impossible for the time being, the laws of the old regime when not in contradiction to the spirit and conditions of the new State are being provisionally enforced.

The rights and duties of the people are determined by the Guarantee Law of Civil Rights promulgated by Ordinance No. 2 issued on March 9th. (Refer to appendix No. III.)

Further, as declared in the Proclamation of the Establishment of Manchoukuo, "there shall be no discrimination with respect to race and caste among those people who now reside within the territory of the new State. In addition to the races of the Hans, Manchus, Mongols, Japanese and Koreans, the peoples of other foreign countries may, upon application, have their rights guaranteed". All nationals who reside in the State will, in conformity with the ordinances, have equal rights and obligations with the subjects of Manchoukuo.

Officials shall be appointed according to certain formalities. Their salaries shall be paid in accordance with the regulations specially provided. The scale of salaries is shown below :

*Scale of Salaries.*<sup>1</sup>  
(Provisional regulation).

|                                                       | per year    |
|-------------------------------------------------------|-------------|
| The Premier . . . . . Mex.                            | \$30,000.00 |
| The President of the Privy Council . . . . .          | 25,000.00   |
| " " " Supervisory Council . . . . .                   | 25,000.00   |
| " " " Legislative Council . . . . .                   | 25,000.00   |
| Departmental Ministers of the State Council . . . . . | 20,000.00   |
| Vice-President of the Privy Council . . . . .         | 20,000.00   |
| Counsellors . . . . .                                 | 20,000.00   |

<sup>1</sup> This list shows that the officials of the middle of the lower grade are now paid twice as much as those paid by Chang Hsueh-liang's government. The reason for the increase is to afford the officials a feeling of security and to raise them above the fear of corruption.

<sup>2</sup> It is prohibited for one official to hold two posts at the same time.



The Chief of the General Affairs Board of the State Council holds an honorary position without any salary.

Officials by Special Appointment :

|                     |           |
|---------------------|-----------|
| 1st grade . . . . . | 17,000.00 |
| 2nd grade . . . . . | 16,000.00 |

Officials by Recommended Appointment :

|                      |           |
|----------------------|-----------|
| 1st grade . . . . .  | 15,000.00 |
| 30th grade . . . . . | 3,600.00  |

Officials by Delegated Appointment :

|                      |           |
|----------------------|-----------|
|                      | per month |
| 1st grade . . . . .  | 360.00    |
| 30th grade . . . . . | 70.00     |

Appointment shall not be limited by nationality. The appointments of officials for the new State are to be made from among Manchus, Chinese, Japanese, Europeans and Americans.

As necessity demands, advisors can be engaged by various Departments or Bureaus.

## 2. Organisation of Local Governments.

Manchoukuo is divided into five Provinces : Fengtien, Kirin, Heilungkiang, Jehol and Hsingan<sup>1</sup>, and two Special Districts, namely Harbin and Chientao.

A Provincial Government will govern a Province, and the Government will consist of five Boards, namely General Affairs, Civil Affairs, Police, Industry and Education. To do away with the evils of the past, a system in which the power will be centralized will be adopted, and prefectural authority will not be permitted to overlap and clash. The authority of the Provincial Governors will be reduced to a certain extent. They shall have no power to command troops though they may have done so before. When in need of troops to maintain peace and order, they shall request the Premier to furnish them. In extraordinary cases, they may demand the military authorities in their respective localities to take action. The Provincial Governments shall have no power to control finance.

A Province will be divided into prefectures each governed by a Prefectural Governor. No tyrannical administration will be allowed, but local systems of long standing shall be adopted and results obtained by fostering the autonomy of the people.

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<sup>1</sup> Mongolia Banners.



## CHAPTER IV.

### GOVERNMENT AND DIPLOMACY

#### 1. Main Points of Domestic and Foreign Policies.

Manchoukuo makes the "Wang-tao" or Principle of Right the fundamental principle of her rule. This has been emphatically declared in the proclamation of her foundation.

What is the "Wang-tao?" It has been regarded as the cardinal principle of administration in the Orient for 5,000 years, and the 30,000,000 people in Manchuria and Mongolia now make it their common ideal. It means the perfection of good, fair, and impartial administration. If the spirit of "Wang-tao" were fully reflected in the practice of administration, there would be no abuse of power or party strife; all men would become brothers and enjoy peace and happiness in perfect contentment.

The "Wang-tao" has its origin in Heaven. The ancient people of China deeply revered and devoutly looked upon Heaven's decrees with awe and respect. Heaven is God personified, the creator and overseer of the universe. It is written in the classics that "Heaven helps the people on earth and is at once their ruler and instructor", showing that Heaven wills that men shall be made perfect by government and instruction. Moreover, Heaven has a moral will, and helps the good by bestowing blessings upon them, punishing the wicked by inflicting evils upon them. Hence the proverbs: "Happiness shall be sought through obedience to Heaven's decree" and "Heaven punishes the sinful". The ruler of the masses, therefore, should be one who "makes himself master of the state by acting as parent to the people in place of Heaven". It has been an established belief from olden times that one who embodies Heaven's will alone should be elected and permitted to remain in office, and that the election should be based upon the people's will. There is an old proverb: "A ruler should be one who, recommended to Heaven, is accepted by Him, and who, introduced to the people, is acceptable to them". This is the real qualification for a ruler.

A ruler, who is Heaven's official, is called an Emperor or a King. "Wang-tao" literally interpreted means "Way of the King" and implies "Governing in perfect accord with God and man". It stands as the opposite to "*Military Rule*".

Military Rule means government by Machiavellism. In olden times it did not necessarily mean wrongdoing, but it is widely different from the Rule of Right which signifies governing with virtue in accordance with Heaven's will. Military rule, therefore, has long been abhorred by virtuous men.

During the past twenty years, the military clique have ruled the people of Manchuria and Mongolia by "Military Rule", and not only did they indulge in Machiavellism, but unscrupulously committed all sorts of crimes. What they strove for at all times with might and main was their personal prosperity and power, utterly disregarding Heaven and man. Heaven at last brought their sins to light and saved the people.

The people have now founded Manchoukuo, and the officials have sworn before Heaven that they will govern the people by the Rule of Right!

The new State, in accordance with Heaven's will, intends not only to guarantee the people's rights and their equal treatment, but also to guide them by instruction and provide a livelihood for them.

The proclamation of the foundation of the State says that it will "abolish" the dark administration of the past; ameliorate the laws; encourage local self-government; look for capable men far and wide and engage the services



of the wise and the talented ; encourage industry ; stabilize the monetary system ; develop the natural resources ; make people's living secure ; train soldiers and police ; suppress banditry ; and, further, promote and popularize education and value civil culture most ". The Government intends to correct wrongs in due order and steadily carry out the wishes of the people.

In order to attain the fullest degree of good administration and to assure that the gigantic task of building an ideal state will be crowned with success, special care will be taken in the selection of officials. The Government, with this idea in view, is doing its best to engage men of ability and integrity. Greedy and corrupt officials are most detrimental to good administration. Such officials get their offices by favoritism and bribery and make their fortunes by extortion and malfeasance of the public funds. They condemn and reject through jealousy those whom they do not like and those who are wiser than they ; and, giving no consideration to the state and the people, they crave only for power and wealth.

It was solely due to the inefficiency of the authorities during the 20 years since the establishment of the Republic of China that party strife and quarrels have followed one another, plunging the people into misery and despair. Nor is it necessary to give any other example. The people saw with their own eyes, during the rule of the Northeastern military clique, mediocre and cunning officials elevated to high office through favoritism, disport themselves under an inexperienced young despot devoid of conscience or consideration for their sufferings. Not only were the people forced to witness their debauchery but to pay for their excesses to the point where they were squeezed bone dry. The new administration is based upon justice and the promotion of the people's welfare, and it is considered of great moment that the choice of officials who have direct charge of the people's happiness should be made most carefully.

Manchuria and Mongolia have hitherto been under the sway of worthless persons who have brought calamities upon the people. The people regard the establishment of Manchoukuo as the manifestation of Heaven's will entrusting them with the key to peace and enabling them to root out the cause of their misfortune. They also believe that an impartial share in the land and natural resources of their country is in exact accord with the law of nature and should not be denied by human agency. For this reason they intend to live up to the principle of the open door and equal opportunity and to establish a Utopia where all races can live in harmony. They also make it their ideal to bring about peace in the world through peace in the Orient. Accordingly, soon after the foundation of the State, they sent notes to other nations, in the name of the Minister of Foreign Affairs, to the effect that they desired to have their state recognized by the Powers in order to promote mutual friendship. The note also pledged the Government to the following policies :

1. The Government shall conduct the affairs of the State according to the primary principles of faith and confidence and in a spirit of harmony and friendship. It pledges itself to maintain and promote international peace.
2. The Government shall respect international justice in accordance with international laws and conventions.
3. The Government shall succeed to those treaty obligations of the Republic of China which adhere to the territory of Manchuria in the light of international laws and conventions, and shall faithfully discharge those obligations.
4. The Government shall not infringe upon the acquired rights of the peoples of foreign countries within the limits of the State of Manchuria and, further, shall give full protection to their persons and properties.
5. The Government welcomes the entry of people of foreign nationality into, and their residence in, Manchuria and pledges that all races shall be accorded an equal and equitable treatment.
6. Trade and commerce with foreign countries shall be facilitated, thus contributing to the development of world economy.



7. With regard to the economic activities of the peoples of foreign nations within the State of Manchuria, the principle of the Open Door shall be observed.

The right of commercial lease, which is one of the questions relating to foreign affairs, has been definitely recognized in the "Treaty concerning South Manchuria and the Eastern part of Inner Mongolia", concluded between Japan and China in 1915, and the appended official paper exchanged between the two countries.

The former authorities did their utmost to prevent the establishment of foreign rights, thus nullifying the treaty conceding the right to own or lease land. The new Government, acting upon international faith and the principle of equality and fairness, has adopted the policy of recognizing such right and is now pushing through legislation to this end. Pending the enactment of these new laws, the new Government is ready to recognize rights based upon existing treaties without any modification.

## 2. Education and Public Health.

The people of Manchoukuo, impoverished by the heavy taxation imposed by the old government and now suffering from the depredations and outrages of bandits, are unable as yet to stand the financial strain of maintaining a proper school system. Under these circumstances, it is difficult to bring about immediately a fundamental reform of the educational system and establish an ideal system of public instruction in the new State. Therefore, for the time being, we have to adjust ourselves to present conditions and proceed with our plans as finances permit. In order to enable the students to continue their studies, the first step taken by the government was to reopen the schools which had been closed on account of the poverty of the people and social disorder. The present condition of primary education has become very satisfactory. The Government will train a great number of teachers who thoroughly understand the spirit and policies of the new State, to be the promoters of the new education. A new curriculum will be drawn up. New textbooks will be compiled from which all anti-foreign sentiments shall be excluded. A new system of education shall be installed.

Eighty or ninety per cent of the people of the State are uneducated. Although the old regime did not entirely ignore the fostering of education, it lacked sufficient funds to maintain schools. Nearly all the revenue was allocated for military expenditures. Moreover, the ideas injected into the schoolbooks by the Kuomintang Government transformed the educational system into an organ of political propaganda and anti-foreign sentiment.

Under the old government, the teachers of the primary schools were very poorly educated; the majority had not even completed the middle school course. Because of their relationship to or influence with the authorities, or their urgent need of gaining a livelihood, they took up teaching as a stepping-stone to the acquisition of wealth and prosperity.

These conditions will be completely changed by the new government. The teachers will be properly treated and protected so that a unification in educational circles and independence of educational rights can be secured.

School equipment and apparatus were very poor under the old regime. A few schools in Mukden and other important cities were equipped on modern lines, but those in the country were very poorly furnished.

The new government intends to reform the middle schools along modern lines and lay a solid foundation for the development of higher educational institutions. For the time being, however, first consideration will be given to the primary schools, concentrating on a solid education rather than equipment, the main idea being to educate the people to be worthy subjects and to give them a practical education.

At present, only in the Kwantung Leased Territory and the S.M.R. Zones are public institutions and social organs in fairly good condition. The government realises the necessity of creating other social organs, especially



for helping the poor and maintaining the health of the people. Poor-relief work has already been started.

The government is planning to propagate the idea of sanitation through education and to enact health regulations creating an efficient Board of Health and establishing consulting stations.

Manchoukuo has a large territory inhabited by a complex population of different uncivilised tribes. For years past, refugees from China Proper have flocked in great numbers into the territory of Manchoukuo carrying with them the germs of infectious diseases which frequently caused epidemics. On many occasions in the past, the people have suffered from devastating contagious diseases, the most fearful of which are cholera from South China, and the plague from North Manchuria. Proper plague-prevention measures have been taken only by the Kwantung Administration Board and the South Manchuria Railway Company. The old regime paid no attention to these matters.

### 3. Justice.

The judicial world of China may be likened to a "darkness". Justice in the modern sense simply does not exist. The evils of incessant civil wars and the tyranny of the war-lords make it impossible to preserve the independence of the Bench and strict impartiality in the dispensation of justice. Power, favoritism, and bribery influence the verdict and supersede the law. The judicial conditions in Manchuria were formerly no different from those in China Proper. There existed so-called modern judicial machinery such as Courts and Procurator's Offices and, in addition, the Judicial Bureau and the old style courts presided over by Prefectural Magistrates. Under the old system, interference with the administration of justice and coercion of the judges by the military authorities were unavoidable.

Keeping pace with the implantation of other reforms, the new Government will abolish these abuses, protect life and property, and assure the dispensation of justice by the establishment of modern courts and the appointment of upright and impartial judges.

The following measures are to be taken :

1. To establish a guarantee service system for judicial officers under increased salaries in order to assure their livelihood.
2. Under the old regime, the judicial as well as other organs were farmed out by contract. The new Government will abolish the old system and unify all the judicial organs under a definite budget.
3. To enforce the examination system for judicial officials in order to raise the standard of their qualifications.
4. To restrict supervision of the courts and to aim at the complete attainment of judicial and prosecuting organs.
5. To establish the system of sending officials abroad for study and investigation of judicial conditions.
6. To improve prisons, especially the sanitary arrangements.
7. To carry out the above mentioned measures as soon as possible, preparations for drafting the substantive and objective laws and for further reformation of the judicial system are being made.

Extraterritorial rights enjoyed by foreign powers in the Republic of China are not an obligation of international law that Manchoukuo (which is not recognized by the Powers) should bear as one transferred from the Republic. In view, however, of the incomplete state of the present judicial system, the government in practice allows its application for the benefit of alien residents.

The Government intends to negotiate with the Powers regarding the abolition of extraterritoriality, which is now actually being maintained, as soon as a satisfactory codification of laws and the machinery for their enforcement are brought about, and the lives and property of foreign residents in the State are safeguarded.



#### 4. Police.

Under the old regime, the police system differed in every province. In addition to the ordinary police, there were many special police organs, all governed by good regulations translated bodily from foreign police rules, but which unfortunately, were never put into actual practice. The police authorities exercised great power and their decisions often caused much suffering and hardship.

The higher and middle-rank police officers were appointed by bribery or nepotism. As a rule, the police were inefficiently trained and uninstructed as to their duties. Bribery, extortion, and graft in all forms were prevalent due to the inability of the police to support their families on their small pay.

The expenditure for the police was farmed out to the highest bidder, who imposed all kinds of illegal taxes, contributions, and graft upon the people and merchants, using the police as their collectors.

There was no distinction between the police and the army. Soldiers often exercised police authority and arrested or executed people as they pleased.

For the purpose of eradicating this evil, the new Government shall first unify the police system and then enforce the proper training of police officers and men.

In consideration of the existing conditions of the State, the metropolitan and other police systems will shortly be determined.

Although the new State was established only two months ago, splendid results in the training of police officers have been realized. It is estimated that careful selection of personnel and elevation of standards, qualifications and morale will bring about a decrease of one-third in the present number of police employed in the main cities.

The proposed measures of the new government with reference to the police reformation are as follows :

1. To elevate the status of the police officers and improve their qualifications and capabilities, a staff training academy will be established at Hsinking, the new capital, and one for ordinary police officers at each provincial capital.

2. At Hsinking, Fengtien, Kirin, Tsitsihar, Harbin, Antung, Yingkow and Chinchow, modern police Boards will be established to train policemen to discharge properly their functions as public servants.

The Police Board at Hsinking shall be under the immediate control of the Department of Civil Affairs, while those in the various cities mentioned above shall be under the direct control of their respective Civil Governors and not of the district magistrates.

3. The district police system shall remain as it is, only the District Police Bureaus being governed directly by the magistrates without any supervision of other offices. But while engaged in bandit suppression they are to come under the control of a Commander-in-Chief of the Military Garrison.

4. The local police system shall not be greatly altered, and moreover, the self-protection system (the tithing system) shall be adopted for the preservation of peace.

5. The water-police stations along the rivers Liaohao, Yalukiang, and Sungari shall be reorganized to suppress bandits and to afford full protection to vessels.

6. The so-called Salt Police, formerly supervised by the salt revenue offices, shall be put under the direct control of the Department of Civil Affairs. They shall prevent secret dealing in salt.

7. In order to remove all kinds of corruption and to protect railway transportation, the various police administrations shall be centralized in the Railway Police Administration Headquarters.



8. A mobile Police Corps shall be first organized at Hsinking and afterwards in the other provinces if they prove effective.

9. Frontier Police Guards shall be organized at the important boundary cities of the State. At various ports along the coast, Cruising Police patrols shall be organized to prevent any disturbances from abroad and to check the traffic in contraband articles.

#### 5. National Defence.

Chinese soldiers are mercenaries, regarded as the private property of the war-lords. To extend their influence, the war-lords increased the number of their troops in utter disregard of everything else with the result that the cost of their maintenance became alarmingly enormous. For the Four North-Eastern Provinces, the military budget accounted for 80% of the total government expenses.

The regular troops under the direct control of General Chang Hsueh-liang numbered 250,000, of which 150,000 were stationed outside the Great Wall. After the incident of September 18, 1931, 40,000 escaped inside the Great Wall; 60,000 of the remaining troops surrendered to the new State, and 50,000 are at large, causing disturbances in all directions, especially in the north-eastern part of Kirin Province.

Realizing the evils of the system of maintaining privately owned armies and in order to strengthen the foundation and security of the State, the new Government has placed all government troops under the direct command of the Chief Executive. Under the State Council, the Department of National Defence has been established with the object of controlling all troops. The provincial troops are to be commanded by their respective Commanders-in-Chief.

The Government troops number 8,500, whole the strength of the provincial forces is as follows :

|                        |        |
|------------------------|--------|
| Kirin . . . . .        | 45,000 |
| Fengtien . . . . .     | 25,000 |
| Heilungkiang . . . . . | 15,000 |
| Jehol . . . . .        | 30,000 |

(The last figure was not included in the Preliminary Report of the League Inquiry Commission.)

As the main forces of Manchoukuo consist of reorganized troops formerly under the command of Chang Hsueh-liang, they are badly disciplined. It is, however, believed that with proper training, they will become excellent troops in the very near future. An abrupt reorganization would very likely bring about unrest and cause the army to mutiny; therefore, the new Government prefers to reorganize it gradually into a small but picked band of men of excellent character.

In the days of Chang Tso-ling and of Chang Hsueh-liang, Japanese military officers acted as advisors. The new Government decided to engage foreign advisors and instructors in order to improve the general military system. At present, some Japanese officers are engaged for this purpose, while others are engaged by the Department of National Defence and by every Province. In view of the present unsatisfactory state of the Manchoukuo army and the still disturbed conditions, the new Government intends to restore peace as soon as possible through the aid and cooperation of the Japanese Army. But it proposes that its own army shall safeguard the State without outside help as soon as possible. The army is operating on its own initiative except in special cases where cooperation with the Japanese army is strategically necessary for the suppression of bandits.



## CHAPTER V.

### FINANCE

#### 1. Financial Organisation.<sup>1</sup>

Under the old regime, the provinces, prefectures, and municipalities enjoyed fiscal independence, resorting to the contract system in connection with their budgets.

The new government makes the prefectures and municipalities the units of finance, considering the provinces as mere administrative sections. The revenues of prefectures and cities are to be derived from taxes fixed by the Government, and their budgets are to be submitted to the Government for approval. In general, they are to draw up a budget based on their financial resources, but in special circumstances, a portion of the expenditure will be subsidized by the Government.

Both the Central Government and the Local Governments are to draw up a single budget that will cover the whole revenue and expenditure, but extraordinary budgets for various offices may be allowed for special purposes.

All public financing shall be transacted through the National Treasury. The revenues of prefectures and cities are to be paid into the National Treasury. The Prefectural or City administrations are not allowed to balance revenues and expenditures.

It is, however, difficult to enforce this system in a satisfactory manner until the Central Bank of Manchoukuo has been established. The Treasury of the State will operate more as a deposit of revenues paid in than a receiving and disbursing organ.

Under the old regime various auditory organs had their own independent treasuries, such as the Treasuries of the North-Eastern Administrative Council, of the Provincial Governments and of the Financial Boards.

After the incident of September 18, 1931, the Mukden Provincial Government, in drawing up the budget for 1932, abolished all departmental and other treasury organs, retaining only the Provincial Treasury. The Manchoukuo Government therefore does not recognize the financial independence of any province and has abolished their various treasuries.

The organs of financial administration are :

1. The Chief of the General Affairs Bureau of the State Council will supervise the budget of the Government.

2. The Finance Minister of the State Council will supervise taxation, government monopolies, and all other revenues, and subordinate organs, such as the Customs Offices, the Revenue Superintendent Offices, the Taxation Bureaus, the Salt Transportation Offices, the Supervisory Bureau of Salt, the Bureau of Saltpetre and the Public-Sale Stations of Powder. He shall also control currency, circulation, and government property.

3. The financial affairs of a prefecture or a municipality will be managed by their respective Financial Bureaus.

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<sup>1</sup> See notes attend of this Chapter concerning financial organisation prior to September 1931.



## 2. Taxation.

Under the old regime, various taxes were imposed in different localities. In the provincial budget of the fiscal year of 1930, 75% of all the revenues were indirect taxes and about 25% were direct taxes. Classification of these is given below :

|                          |                                                                                            |
|--------------------------|--------------------------------------------------------------------------------------------|
| Indirect taxes . . . . . | Salt tax, Tobacco and Wine tax, and Universal tax.                                         |
| Current taxes . . . . .  | Production tax, Market tax, Fishery tax, Lumber tax, Cattle tax, Stamp duty, and Deed tax. |
| Direct taxes . . . . .   | Land tax, Trade tax, Mining tax, and Fishery tax.                                          |

The tax system was very imperfect preserving no relation between one tax and another. Since 1924, when the old regime wanted extra funds for military purposes, it imposed a heavy tax on all commodities and found little difficulty in collecting. There was no uniformity. Salt during 1924 paid duty at the rate of \$2.75 per picul, but during the past seven years up to 1932, it has been steadily increased until it is now \$6.30 per picul. During this same period, the bean tax was raised 70%, and in addition, the production tax was doubled. The old regime concentrated on indirect taxes. Goods were never rightly assessed. Duty was imposed on anything and everything up to the maximum that the traffic would bear, causing deep discontent and suffering among the people.

In Mukden Province, immediately after the incident of September 18, 1931, the new regime adopted a policy of reducing official expenditure to the minimum so as to lighten the heavy burden of the people. The following shows the measures adopted by the Mukden Provincial Government in reforming the old taxation system.

1. For the purpose of relieving local finance and conserving the public strength, the authorities secure the financial resources principally on the income derived from indirect taxes and transfer the undermentioned income from direct taxes and its dependent miscellaneous revenues to prefectures or cities.

The amount of income transferred to the local authorities was nearly \$ 6,045,000 (calculated according to the budget of the fiscal year of 1930).

Land tax, Cattle tax, Trade tax, Duty-stamp and Warrant tax for Tobacco and Wine, Vessel tax, Vehicle Plate tax, Hair-Cutting tax.

2. For the purpose of lightening the burden of the people as far as the financial resources permit, the authorities have abolished the undermentioned taxes and their surtaxes for military expenditure and Plate and Duty-stamp expenses :

Shen tax, Timber tax, Chungkiang tax, Mongolian Salt tax, and Duty-Stamp and Warrant tax for Tobacco and Wine.

3. For the purpose of lightening the burden of the people, the authority discounts half of the rate of the undermentioned taxes :

Production tax, Bean tax, Oil tax, and Raw silk tax.

The following shows the amounts of income from taxes abolished or reduced by the Mukden Provincial authority. The amounts estimated are based on the budget of the fiscal year in 1930.

|                                       |                 |
|---------------------------------------|-----------------|
| Amount of abolished taxes . . . . .   | Mex. \$ 775,000 |
| Amount of reduction of taxes. . . . . | 5,973,000       |
| Total. . . . .                        | 6,748,000       |

In Kirin Province, following the example of Mukden, the surtax of the land tax was reduced 40%, and the war surtax and a part of the lumber tax were abolished. The following shows the income totals of these taxes abolished or reduced in Kirin Province. The amounts are based on the budget of the fiscal year in 1930.



|                                       |                  |
|---------------------------------------|------------------|
| Amount of abolished taxes . . . . .   | Mex. \$2,922,000 |
| Amount of reduction of taxes. . . . . | 608,000          |
| Total. . . . .                        | 3,530,000        |

In Heilungkiang Province the salt tax, amounting to Mex. \$60,000, was abolished. The total alleviation on taxes amounts to Mex. \$10,335,000. The following table shows the kinds of taxes and the amount of income derived from them under the old regime (in thousands of Mexican dollars).

| Kinds of taxes             | Mukden | Kirin  | Heilung-<br>kiang | Jehol | Eastern<br>District | Hsingan<br>District | Total   |
|----------------------------|--------|--------|-------------------|-------|---------------------|---------------------|---------|
| Salt Revenue . . . . .     | 31,382 | —      | —                 | —     | —                   | —                   | 31,382  |
| Tabacco and Wine . . . . . | 2,299  | 589    | 416               | 1,131 | 1,600               | —                   | 6,038   |
| Universal . . . . .        | 3,693  | 1,390  | —                 | —     | —                   | 135                 | 5,218   |
| Production . . . . .       | 6,637  | 8,596  | 3,255             | —     | —                   | —                   | 18,488  |
| Transport . . . . .        | —      | —      | —                 | 1,004 | —                   | —                   | 1,004   |
| Market . . . . .           | 7,272  | —      | 2,172             | —     | —                   | —                   | 9,444   |
| Mining . . . . .           | 643    | 208    | 91                | 81    | —                   | —                   | 1,023   |
| Stamp duty . . . . .       | 1,140  | 76     | —                 | —     | —                   | 6                   | 1,222   |
| Deed . . . . .             | 815    | 1,835  | 505               | 71    | —                   | 11                  | 3,237   |
| Land . . . . .             | 4,103  | 3,620  | 1,731             | 501   | 589                 | 13                  | 10,557  |
| Trade . . . . .            | 155    | 2,200  | 1,837             | 6     | 2,701               | —                   | 6,899   |
| Cattle . . . . .           | 1,128  | 645    | 241               | 229   | —                   | —                   | 2,243   |
| Miscellaneous . . . . .    | 1,931  | 3,962  | —                 | 418   | —                   | —                   | 6,311   |
| Total . . . . .            | 61,198 | 23,121 | 10,248            | 3,444 | 4,890               | 165                 | 103,066 |

After the incident of September 18, 1931, the various taxes of the old regime were reformed the estimated income being as follows : (in thousands of Mexican dollars).

| Kinds of taxes                   | Mukden | Kirin  | Heilungkiang |
|----------------------------------|--------|--------|--------------|
| Salt revenue. . . . .            | 10,000 | —      | —            |
| Tobacco and Wine taxes . . . . . | 1,118  | 3,528  | 416          |
| Universal tax . . . . .          | 4,872  | —      | —            |
| Production tax . . . . .         | 1,998  | 7,910  | 3,234        |
| Trade tax. . . . .               | —      | —      | 2,139        |
| Mining tax . . . . .             | 414    | 148    | 148          |
| Stamp duty . . . . .             | 604    | 948    | —            |
| Deed tax . . . . .               | 446    | 2,582  | 505          |
| Land tax . . . . .               | —      | 2,920  | 1,733        |
| Trade tax. . . . .               | —      | 2,532  | 1,837        |
| Cattle tax. . . . .              | —      | 735    | 241          |
| Miscellaneous taxes. . . . .     | 132    | 1,945  | 418          |
| Total . . . . .                  | 19,584 | 23,246 | 10,671       |

Notes :

1. In Mukden Province, the amounts estimated are based on the budget made by the committee for Preservation of Local Peace and Order in 1931. Therefore, the general falling off of income caused by the incident is taken into account.

2. In Kirin and Heilungkiang Province, the amounts estimated are based on the budgets made by the financial bureaus of both provinces in 1931, before the incident occurred, so the amount of reduced income from the taxes abolished by the new regime, and that from the general reduction of income caused by the incident are not included.



### 3. Customs and Salt Gabelle.

The Government exercises its autonomy over the customs. The customs administration of Manchoukuo is independent from that of China. However, as the customs revenues and its administration stand as security for various foreign loans to China, Manchoukuo recognises the interests of the creditor powers. The Government is prepared to assume responsibility for a portion of these liabilities by a rational means of payment of the customs revenue.

The Government has also established its own domestic salt administration. On and after March 28, 1932, after abolishing all the tax-collecting organizations of the old regime, the affairs of the salt administration were handed over to the newly established Salt Bureau and its attached offices.

The Government is also prepared to assume its proportionate and just share of foreign loans secured on the salt revenues in the same manner as those secured on the customs.

### 4. Budget.

In the budget for 1930, under the regime of Gen. Chang Hsueh-liang, the total expenditure for all provinces in Manchuria amounted to Mex. \$ 143,000,000, of which 80 % or Mex. \$ 115,000,000 was allotted to military purposes and the remaining 20 % or Mex. \$ 28,000,000 to various other administrative departments. The greater part of the military appropriation was used by Chang Hsueh-liang to finance his army in their invasion of China Proper inside the Great Wall, while the actual expenditure for national defence in Manchuria itself was insignificant. It may reasonably be expected that the greater part of the expenditure for military purposes can now be greatly reduced as the Manchoukuo Army is maintained solely for the purpose of safeguarding its own territory and maintaining its peace.

The new Government will put the following measures into operation in order to increase the wealth of the people and establish a stable financial system. No additional taxes will be imposed, but the national revenue will be increased by the enforcement of these measures. The customs tariff has hitherto been of no benefit to the finances of Manchuria. Under the new Government, there will be a surplus of about Mex. \$ 20,000,000 from this source after the amount allotted for foreign loans has been paid.

1. Establishment of budget systems.
2. Readjustment of taxation and government monopoly so as to reduce the rate to be borne by the people.
3. Readjustment of government enterprises and government-owned resources.
4. Improvement of tax collecting organs by abolishing the contract system and putting an end to "squeeze".

Even if a large amount has to be paid out for the promotion of the people's welfare and the exploitation of natural resources, after peace and order are established and revenues are restored to normal conditions, there will be a balance on the credit side to be carried over to the ensuing year. Conditions will, at least, be as good as they were between 1916 and 1924 when Mr. Wang Yuan-ching, under General Chang Tso-lin, governed the Provinces on the basis of the principle of safeguarding the boundaries and peace.



*The Budget of the New State.*

It is regrettable that correct figures are not available, as the budget has not yet been drawn up. However, a rough estimate of the revenues and expenditures for the 1st year of Ta-Tung (fiscal year July 1, 1932 to June 31, 1933) is given below :

*Revenues of the First Year of Ta-Tung.*

| <i>Items</i>                                                      | <i>Amount</i> |
|-------------------------------------------------------------------|---------------|
| Customs tariff . . . . .                                          | 19,000,000.00 |
| Salt revenue . . . . .                                            | 15,000,000.00 |
| Tobacco and Wine taxes . . . . .                                  | 3,600,000.00  |
| Universal tax . . . . .                                           | 2,600,000.00  |
| Production tax . . . . .                                          | 5,900,000.00  |
| Mining tax . . . . .                                              | 530,000.00    |
| Stamp duty . . . . .                                              | 1,200,000.00  |
| Deed tax . . . . .                                                | 1,700,000.00  |
| Fishery tax . . . . .                                             | 50,000.00     |
| Miscellaneous . . . . .                                           | 1,800,000.00  |
| Income on Government enterprises and properties . . . . .         | 9,210,000.00  |
| Income of the Special District of the Eastern Provinces . . . . . | 3,100,000.00  |
| Income from Hsingan District . . . . .                            | 180,000.00    |
| Total . . . . .                                                   | 64,970,000.00 |

*Expenditures of the First Year of Ta-Tung.*

| <i>Ordinary Expenditure</i>              | <i>Amount</i> |
|------------------------------------------|---------------|
| Chief Executive Office . . . . .         | 1,000,000.00  |
| Privy Council . . . . .                  | 300,000.00    |
| Legislative Council . . . . .            | 300,000.00    |
| Supervisory Council . . . . .            | 900,000.00    |
| General Affairs Board . . . . .          | 1,200,000.00  |
| Legislative Bureau . . . . .             | 420,000.00    |
| Advisory Bureau . . . . .                | 1,200,000.00  |
| Hsingan Bureau . . . . .                 | 1,200,000.00  |
| Dept. of Civil Affairs . . . . .         | 8,700,000.00  |
| Dept. of Foreign Affairs . . . . .       | 600,000.00    |
| Dept. of National Defence . . . . .      | 30,600,000.00 |
| Dept. of Finance . . . . .               | 9,960,000.00  |
| Dept. of Industry . . . . .              | 780,000.00    |
| Dept. of Communications . . . . .        | 720,000.00    |
| Dept. of Justice . . . . .               | 4,476,000.00  |
| Capital Construction Bureau . . . . .    | 480,000.00    |
| Allowances to Local Government . . . . . | 5,000,000.00  |
| Reserve . . . . .                        | 5,000,000.00  |
| Total . . . . .                          | 73,076,000.00 |

*Temporary Expenditure.*

|                                                  |               |
|--------------------------------------------------|---------------|
| Subscription for Central Bank Shares . . . . .   | 7,500,000.00  |
| Hulutao Construction . . . . .                   | 4,000,000.00  |
| Payment of Debts of the Old Government . . . . . | 1,000,000.00  |
| Total . . . . .                                  | 12,500,000.00 |
| Grand Total . . . . .                            | 85,576,000.00 |



At present, peace and order has not been completely restored. Normal revenue is not coming in. Any expenses not urgently needed will not be appropriated, in order that the income and expenditure may balance as nearly as possible. Even so, expenditure amounts to Mex. \$87,576,000 against revenue of Mex. \$64,970,000 showing a deficit of about Mex. \$20,606,000. The deficit will have to be made up with a loan from the Central Bank. In the future, the budget shall become effective after ratification by the Legislative Bureau and the sanction of the Chief Executive. In case the Legislative Bureau rejects the budget, the Chief Executive shall refer it back to the Legislative Bureau giving his reasons, and if the budget should again be rejected, the Chief Executive shall consult the Privy Council who will render the final decision.<sup>1</sup>

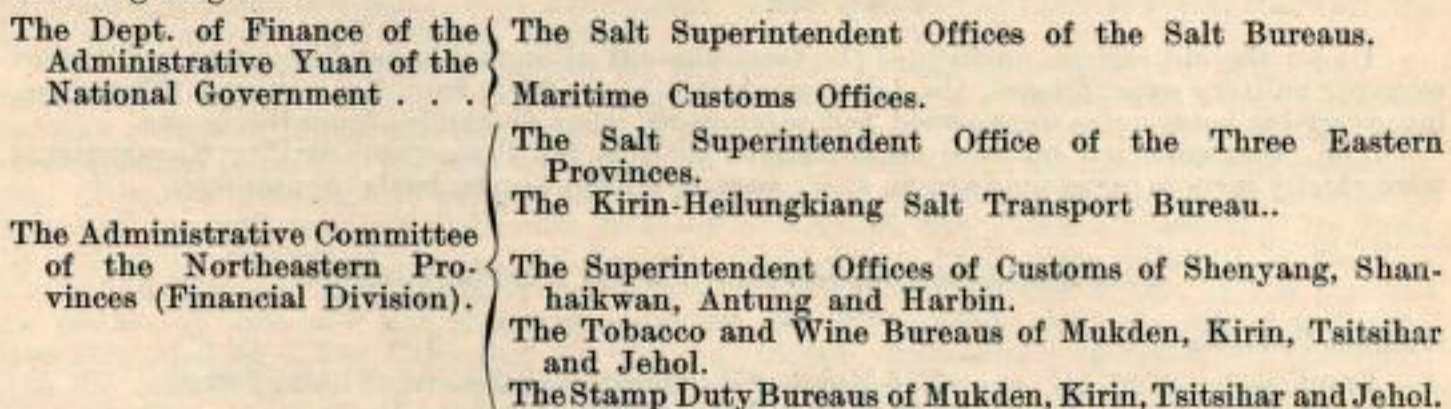
NOTES ON FINANCIAL ORGANISATION PRIOR TO SEPTEMBER OF THE TWENTIETH YEAR  
OF THE REPUBLIC OF CHINA (1931), A.D.).

*The Financial Organs*

The Northeastern Administrative Committee was the highest administrative organization of the Four Northeastern Provinces and directed and supervised the provincial governments. Under the Administrative Committee there was the Financial Division which directed all matters relating to taxation, customs tariff, salt revenues, public debts and currencies, supervising the Salt Superintendent Offices of the Three Eastern Provinces, the Kirin-Heilungkiang Salt Transport Bureau, the Superintendent Offices of Customs of Shenyang, Shanhaikwan, Antung, and Harbin, the Tobacco and Wine Bureaus, and the Stamp Duty Bureaus.

The Financial Board of each Provincial Government supervised all matters relating to provincial revenues, provincial debts, budgets and the settlement of accounts, receipts and payments of the provincial treasury, public properties, and all other financial affairs. The Tax Bureaus and other financial institutions were also under the direct control of the Financial Board.

The complete organization of the above mentioned Financial organs is illustrated by the following diagram :



<sup>1</sup> As regards income and expenditure for the central administration until June 20th, 1932, the amount of interior taxes (revenues collected under the old Finance Department system and salt revenues) yielded 9,300,000 Yuan, expenses reaching 9,100,000 Yuan.

Since then, Manchoukuo has recovered the maritime customs (June), abolished the provincial Finance Departments, established several offices in Mukden, Kirin Harbin, Tsitsihar, etc., and thus unified and centralized the perception of duties and taxes (July).

The corrected budget for the first year of Ta-Tung (from July 1st, 1932 till June 30th, 1933) was estimated as follows :

|                    |                   |
|--------------------|-------------------|
| Revenues .....     | Yuan 101,000,000. |
| Expenditures ..... | „ 113,000,000.    |

In revenue, taxes and duties amount to 85,002,000 Yuan. It is believed that income will be greater than estimated, the situation created by banditism, the fall in prices of agricultural products, and the floods in Northern Manchuria having largely been taken into consideration in the estimate of taxation revenue.

Under the heading of expenditure, a large portion was assigned to expenses for the maintenance of order under the heading of military expenditure. This, however, only amounts to Yuan 33,000,000, i.e., about one third of the military expenditure incurred by the former administration (100,000,000 Yuan). It should be noted that in the estimated expenditures are included the cost of flood-relief as well as the share of the Government of Manchoukuo in the loans pledged on the gabelle and customs (14,000,000 Yuan). It should not be forgotten that the cost of reorganising the different departments are a heavy burden on the budget. The deficit of 12,000,000 which is anticipated will be advanced by the Central Bank. A sum of 5,000,000 Yuan has, however, been provided for in the budget under the heading of "Reserve". The previous anticipated deficit amounted to 20,000,000.



|                                                         |   |                                                                                                                                                              |
|---------------------------------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Provincial Government<br>(The Board of Finance) . . | { | Taxation Bureaus.                                                                                                                                            |
|                                                         |   | Stamp Duty Bureaus.                                                                                                                                          |
|                                                         |   | Tobacco and Wine Bureaus.                                                                                                                                    |
|                                                         |   | Saltpetre Bureaus.                                                                                                                                           |
| The Board of Civil Affairs . .                          | { | Financial Bureaus of District Magistrate Offices (an institution for collecting local taxes but authorized to collect Deed Taxes, which are national taxes). |

#### *The System of Taxation.*

The organization of the financial organs is illustrated by the foregoing diagram, but each province maintained its independent financial system. It may be called a system of local participation.

Needless to say, insufficient as returns from government enterprises and properties are, the revenues are the most important factor of each province. The systems of taxation varied in different provinces. The current taxes and consumption taxes provided the most important revenues of the provinces and were subordinate to the income taxes.

Various kinds of taxes are classified as follows :

|                             |   |                        |   |                |
|-----------------------------|---|------------------------|---|----------------|
| Current taxes . . . . .     | { | Good taxes             | { | Production tax |
|                             |   |                        | { | Market tax     |
|                             | { |                        | { | Fish tax       |
|                             |   |                        | { | Timber tax     |
|                             | { |                        | { | Cattle tax     |
|                             |   | Transaction duties     | { | Deed tax       |
| Consumption taxes . . . . . | { |                        | { | Stamp duties   |
|                             |   | Salt tax               |   |                |
|                             |   | Universal tax          |   |                |
| Profit taxes . . . . .      | { | Tobacco and Wine taxes |   |                |
|                             |   | Trade tax              |   |                |
|                             |   | Land tax               |   |                |
|                             |   | Mining tax             |   |                |
|                             |   | Fishery tax            |   |                |

Under the old regime, as 80% of the total amount of annual expenditure was insufficient to cover military expenditures, the deficit could not be made up from the revenues. Therefore, inconvertible bank notes were issued and compulsory loans demanded from the banks.

The taxes collected by local organizations such as the Prefectural or City Governments were chiefly income taxes imposed on every source, namely, carts, boats, houses, etc.

#### *Laws and Regulations relative to Various Kinds of Taxation.*

##### **Mukden Province :**

|                          |                                                                                                                                    |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Land Tax . . . . .       | The Mukden Provincial Regulations of Land Taxes.                                                                                   |
| Deed Tax . . . . .       | The Acts and Regulations for Deed Taxes.                                                                                           |
|                          | The Supplementary Rules and Enforcing Regulations for Deed Taxes.                                                                  |
| Universal Tax . . . . .  | The Mukden Provincial Collecting-Acts and Enforcing-Regulations for Universal Taxes on Cotton manufactures.                        |
|                          | The Mukden Provincial Collecting-Acts and Enforcing-Regulations for Universal Taxes on Cement.                                     |
|                          | The Mukden Provincial Collecting-Acts and Enforcing-Regulations for Universal Taxes on Flour.                                      |
|                          | The Mukden Provincial Provisional Regulations for Collecting Universal Taxes on Cigarettes.                                        |
| Trade Tax . . . . .      | The Mukden Provincial Acts and Enforcing-Regulations for Trade Taxes.                                                              |
| Stamp Duty . . . . .     | The Mukden Stamp Duty Acts and Revised Rules.                                                                                      |
| Production Tax . . . . . | The Prevailing Laws for Collecting Universal Taxes by the Tax Bureaus of Mukden Province.                                          |
| Tobacco and Wine Tax .   | The Prevailing Laws for Collecting Universal Taxes on Tobacco and Wine by the Tax Bureaus of Mukden Province.                      |
|                          | The Mukden Provincial Regulations for Collecting Wine Taxes.                                                                       |
| Timber Tax . . . . .     | The Mukden Provincial Revised Regulations for Timber Taxes.                                                                        |
| Cattle Tax . . . . .     | The Mukden Provincial Revised Regulations for Cattle Taxes.                                                                        |
| Salt Revenue . . . . .   | The Specific Acts and Enforcing Regulations Governing the Manufacture of Salt, and other Financial Board Orders referring to Salt. |
|                          | Regulations Governing the Manufacture of Salt and the Collection of Taxes for the same.                                            |



Kirin Province :

|                           |                                                                                                                                                                                                             |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Market Tax . . . . .      | The Kirin Provincial Preliminary Regulations for Market Taxes.                                                                                                                                              |
| Production Tax . . . . .  | The Kirin Provincial Regulations for Collecting Taxes on Grain.<br>The Kirin Revised Regulations for Timber Taxes. The Tax Collecting Regulations Specified by the Harbin Timber and Stone Taxation Bureau. |
| Deed Tax . . . . .        | Deed Acts — and Enforcing-Regulations for Deed Taxes.                                                                                                                                                       |
| Trade Tax . . . . .       | The Kirin Provincial Revised Enforcing-Regulations on Accounts Books.                                                                                                                                       |
| Cigarette Universal Tax . | The Kirin Provincial Acts for Universal Taxes.                                                                                                                                                              |
| Stamp Duties . . . . .    | The Regulations for Stamp Duty, Land Tax, and Deed Tax were similar to those of other provinces ; they are consequently left out here.                                                                      |

Heilungkiang Province :

|                          |                                                                                                                                                |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Land Tax . . . . .       | The Heilungkiang Provincial Rules for Land Taxes and Rent Rates for Leased Lands.                                                              |
| Deed Tax . . . . .       | The Heilungkiang Provincial Enforcing-Regulations for Collecting Land Taxes.                                                                   |
| Production Tax . . . . . | The Heilungkiang Provincial Regulations for Collecting Universal Taxes (including Cattle Tax, Trade Tax, and other kinds of Taxes and Duties). |
| Market Tax . . . . .     | The Heilungkiang Provincial Regulation for collecting Market Tax.                                                                              |
| Surtax . . . . .         | The Heilungkiang Provincial Rates for Surtaxes in Addition to the Ordinary Taxes and Duties for Temporary Military Expenditure.                |
| Universal Tax . . . . .  | The Heilungkiang Provincial Regulations for Universal Taxes.                                                                                   |
| Stamp Duties . . . . .   | The Heilungkiang Provincial Regulations for Stamp Duties.                                                                                      |

*Methods for Determining and collecting Taxes.*

The amounts of taxation were determined by multiplying the rate by the value, quantity, or number of the articles. But the collectors used to determine the amount of tax and made collections without obtaining the sanction of the Chief of the Taxation Bureau. As the number or quantity, value or quality, were determined by the estimate of the collectors, the way was left open for fraud and crooked dealing.

In collecting the tax, as there was no distinction between imposition and collection, the imposer and collector was one person. Sometimes petty officers or individuals were authorised to take charge of imposition and collection ; for example, (1) the prefectural governors were commissioned to collect land and deed taxes and took about 3% of the collections as collecting fee, (2) cattle taxes used to be collected on a contract by an individual ; and other taxes were collected through the Tax Collection Bureaus or through the Peace Preservation Bureaus, by fixing the amount of tax to be collected. When excess taxes were collected by the Tax Collection Bureaus, about 10% of the excess was distributed to the officers of the Bureaus as bonus. "Squeeze" was therefore condoned and encouraged. In cases where collection was entrusted to a Tax Collection Bureau, its officials, collectors, employees and policemen did the collecting. When commissioned to a Prefectural Bureau, its financial officials did the collecting. As in the case of the cattle tax, when an individual contracts for the collection, a civilian takes charge of the collecting.

*Methods of making Payments to the State Treasury.*

The Taxation Bureaus deposited their daily collections in the banks in their vicinity. The Financial Bureau could issue orders to pay the tax collected into the state treasury, otherwise the Tax Collection Bureau would pay to the state treasury once a month (it is called Treasury or Provincial Treasury).

The Government Bank in each Province supervised the Treasury Affairs of the province, and its branches looked after affairs in their various localities. When the branch office of the bank received money to be paid into the National Treasury, it remitted it to the Head Office of the Bank.

Only the Tax Collection Bureaus and other tax offices payed money into the national treasury ; the tax-payers themselves did not have to pay the tax directly to the bank in the province where the business of tax collecting was transacted.

*Budget.*

A proper budget system existed in theory, but in the main its principles were not put into practice. The collecting fees, for example, were not calculated according to the increase or decrease of expenses for the collection of taxes but were merely based upon the figures of the preceding year.

Budgets were of two kinds : one was determined and sanctioned by the financial board, and the other was an allotment which could be disposed of by the respective bureaus. Budgets sanctioned by the Financial Bureau were not allowed to be paid out before obtaining the grant of the financial board, but others could be disposed of by every office with hardly any control.



*Kinds of Taxes and Their Nature.*

*Salt Revenue :*

Tax imposed on salt of all kinds.

*Tobacco and Wine Taxes :*

The tobacco tax imposed on Chinese tobacco leaves and tobacco tissues.

The wine tax is imposed on all kinds of wine, home-brewed or imported.

*Universal Taxes :*

Four kinds : tobacco, cigars and cigarettes ; cotton and thread ; flour ; cement.

*Production Tax :*

Imposed on agricultural products or manufactured articles when transported from their place of origin.

*Market Tax :*

Imposed on goods transported to the market for sale, after having paid a production tax.

*Deed Tax :*

Imposed in the form of special stamps, documents dealing with lands and houses sold or mortgaged.

*Stamp Duties :*

Imposed on contracts, documents, and account-books.

*Land Tax :*

Imposed on the profits obtained from lands.

*Cattle Tax :*

Imposed on various kinds of cattle when sold or transported.

*Trade Tax :*

Imposed on merchants or manufacturers according to their incomes.

*'Shen' Tax :*

Production tax imposed on ginseng when used as medicine.

*Timber Tax :*

Imposed on timber.

*Chung-kiang' Tax :*

Tax imposed on goods imported or exported across the boundaries of Manchuria and Korea.

*Mongolian Salt Revenue :*

Imposed on the salt produced in Mongolia.

20% Surtax for Military Expenditure on Tobacco and Wine and on Wine and Tobacco Tablets and Warrants.

*Miscellaneous Charges for Warrants :*

Charged on various kinds of tickets, warrants, tax receipts, passports, etc., as payments for the cost of paper.

*Bean Tax and Oil Grain Tax :*

Collected as production taxes on oil grain such as sesame seeds, etc.

*Salt Consumption Tax :*

A kind of surtax imposed on the purchasers of salt.



## CHAPTER VI.

### INDUSTRY.

#### 1. Basic Principles for the Development of Industries.

The development of industries can be attained only under a stable government. This fact was clearly proved by the conditions of industry under the old regime. For this reason, the Government deems the under-mentioned principles to be fundamental:

1. To foster the development of lines of transportation.
2. To maintain peace and order and to provide guarantees for the safety of life and property.
3. To reorganize the chaotic monetary system and maintain a stable circulation.

The improvement of transportations and the maintenance of peace and order will be dealt with under separate chapters. Some information regarding the monetary system will be given here.

In Manchuria, various kinds of money are in circulation, and there are 13 different paper notes issued by the Governmental banks, as shown below:

Four kinds issued by the Three Eastern Provincial Bank:

- Dollar Notes
- Cheques
- Copper Notes
- Harbin Dollar Notes

Four kinds issued by the Kirin Provincial Bank:

- Kirin Notes
- Kirin Dollar Notes
- Kirin Small Dollar Notes
- Harbin Dollar Notes

Five kinds issued by the Heilungkiang Provincial Bank:

- Heilungkiang Provincial Notes
- Heilungkiang Dollar Notes
- Cheques
- Four per cent Bonds
- Harbin Dollar Notes

In addition to these, the following are in circulation:

Notes issued by the Frontier Bank:

- Dollar Notes
- Harbin Dollar Notes

Notes issued by the Bank of China and the Bank of Communications:

- Cheques
- Harbin Dollar Notes

Notes issued by the Reserve Treasury of the Syndicate of Four Liaoning Banks:

- Dollar Notes

In different localities there are other currencies in circulation, such as:

- Yingkow: Silver ingots, Small Silver
- Antung: Chen-ping, Small silver
- Fuchen: Small Silver



All the paper money, other than the new Taiyan-piao, are inconvertible paper notes recklessly issued by the old regime and subject to constant and wild fluctuations.

The Provincial banks under the old regime were organs of the war-lords and freely issued inconvertible notes, monopolising the market and selfishly extorting profit by managing various enterprises as if they were business concerns. Their existence greatly hindered the development of general economic stability.

The new Government intends to establish a Central Bank, reorganize certain good banks and abolish others, in order to create an appropriate monetary structure and a sound convertible system which will unify and stabilize the currency. Upon the establishment of the new Government, a Committee for the Organization of the Central Bank was appointed and the establishment of the bank will be realized in the very near future.<sup>1</sup>

The Central Bank will be a joint stock company with a capital of Mex. \$30,000,000. Half of the shares will be subscribed to by the government and the rest sold to the general public whenever it is necessary, though the time and method of selling the shares have not been decided upon. The Three Eastern Provincial Bank, the Kirin Provincial Bank, the Heilungkiang Provincial Bank and the Frontier Bank which used to issue notes will be amalgamated with the Central Bank when established. All the liabilities and assets of the amalgamated banks will be taken over by the Central Bank.

The minting of new coins and the issuing of notes will be carried on by the Central Bank through the orders of the Government. The unit of the currency will be called "Yen" (dollars) and will contain 23.91 gr. of silver. The kinds of money to be issued will be:

Notes : \$100.00   \$10.00,   \$1.00,   \$.50  
Nickel coins : \$.10,   \$.5.  
Copper coins : \$.01,   \$.005

Gold Yen to the amount of Yen 20,000,000 was borrowed from the Bank of Chosen as reserve fund for issuing notes. (Legal reserve is 30%). Interest of 5% per year will be paid on the loan, and Yen 2,000,000 will be redeemed annually for ten years beginning two years after the date of loan has been agreed upon. A security will be offered as soon as the financial plan is drawn up.

The monetary system will be based on both silver ingots and silver exchange, the notes to be redeemed at the Shanghai rate of exchange in accordance with the silver content.

Currencies in present circulation issued by banks which will be coordinated with the Central Bank will be cashed at a certain rate. The decision of the rate will receive serious attention in order to avoid loss to the people. The same principle will be applied in cashing notes issued by other banks.<sup>2</sup>

The Government will subscribe half of the shares of the bank and will also appoint a President, Vice-president, and an Inspector of the Bank. The

<sup>1</sup> The Central Bank was created on June 15th, 1932, and opened its doors for business on July 1st. The main office is located in Hsinking, and 170 branch and sub-branch offices have been set up in practically all the cities of Manchuria. The Charter of the Bank is to run for 30 years.

<sup>2</sup> In order to unify the currency system, the old provincial banks and the Frontier Bank have been amalgamated with the Central Bank, and the notes formerly issued by them are being displaced by the new notes of the Central Bank. This is being effected by the exchange of old notes against new Central Bank notes at rates fixed by an ordinance of the Department of Finance in operation since July 1st, 1932. At the opening of the Bank on July 1st, the old Taiyan yuan were at a slight premium over the new yuan of the Central Bank, the market exchange rate being 101.40 new yuan for 100 Taiyan yuan. The exchange rate later fell still more the rate at the beginning of August being 105.90 new yuan for 100 Taiyan yuan. However, the value of the new currency soon began to rise, and at the beginning of September, the new notes were already at a premium over the old Taiyan yuan, the market exchange rate being 99 yuan of the Central Bank for 100 Taiyan yuan.



Government will be responsible for any loss caused to the bank as a result of the amalgamation of the Three Provincial Banks and the Frontier Bank. The government will utilize its dividend of 6% per annum for five years in paying the shares held by the people.

## 2. Commerce.

Manchuria is essentially an agricultural country. Only during the last few decades has commerce been developed and industries established through the introduction of foreign capital. Compare the figures of foreign trade at the three ports in South Manchuria.

(Unit : Hk. Tls.)

| Year | Exports     | Imports     | Balance                      |
|------|-------------|-------------|------------------------------|
| 1905 | 6,702,311   | 9,938,760   | Excess of imports 3,236,449  |
| 1930 | 288,672,832 | 206,784,772 | Excess of exports 81,888,060 |

It may be clearly seen that during the past twenty-five years, the imports increased more than twenty-fold, while the exports increased forty-three fold. This indicates the rapid way in which the resources of Manchuria and Mongolia have been developed. As a result, the export trade of Manchuria, which was only 16% of that of the whole of China ten years ago, is now 32%, and has advanced so far as to show an excess of more than 100,000,000 Hk. Tls. over the import trade.

Domestic trade has also gradually advanced with the increase of general prosperity resulting from foreign trade. The system of "Tsai-tung" and the credit system in particular have made remarkable progress.

The "Tsai-tung" system is that in which a capitalist invests his money in different kinds of enterprises radiating in all directions, enabling him not only to control all the enterprises, but also to keep them in close connection with each other. The growth of the credit system has greatly encouraged dealings on long credit and has established the custom of settling accounts in May, August, and December of the lunar calendar.

Further reflection, however, reveals that the economic activities of Manchuria in the past were too much dominated by commercialism, and that it was chiefly the shrewd Han race who seized the commercial chances and monopolized the market, stifling the business life of the other races. Those who profited most were the military clique and capitalists in Mukden. As the banks were under their control, they could issue notes at will and enforce their circulation.

Moreover, in addition to their proper business, these official banks carried on oil, milling, textile, brewery, and coal industries, grocery and money exchange shops, thus creating a monopoly of all activities of the people by cornering the staple agricultural products of Manchuria. In this manner they carried on the most profitable and biggest business in Manchuria. Take, for instance, the Three Eastern Provincial Bank. The bank cornered the soya-bean market in various places with its inconvertible paper money issued for this express purpose. The method is very cunning. With the approach of the season for the product to appear in the market, the bank, while oppressing the merchants in general by limiting loans for buying funds, issues inconvertible notes at will to swell its own buying funds, and creates a corner in the remote interior. The local officials are then instructed to prevail upon the farmers to sell their products. The corner is easily made, in utter disregard of the market prices; and the products are then sold at Dairen for foreign money or silver specie, thus making something out of nothing. Moreover, restricting the loan of funds when cornering causes a contraction of currency with the consequent temporary rise in the value of money, giving them a



great advantage in their cornering. Fundamentally, the reckless issue of paper money causes a sudden drop in its value, but the consequent rise in the prices of the products bought only serves to make the competition of the merchants impossible. Cornering on a grand scale and buying in futures are enough to overwhelm the majority of merchants. Only official merchants were allowed to hold a secure monopolistic position.

These circumstances, together with the world-wide depression, could not but make the maintenance of credit and smooth business transactions by merchants impossible. It is only natural that many well-known merchants have gone bankrupt one after another in recent years.

The Government intends to improve the situation, first by stabilizing the monetary system through the establishment of the central bank and by other adequate measures. As to the basic policy for the future, it is still under careful study. No concrete plan has yet been formed. This much, however, is certain, that the prosperity of only one race, or the monopoly of interests by a single capitalistic coterie, as was the case in the past, shall never again be permitted. All future plans will be formed with the economic development of Manchuria and not commercialism in view. As already declared, Manchoukuo will gladly open her doors to the investment of foreign capital in various industries. This, however, should not be done in such a way that the State will become the battle-field on which international capitalists will vie with one another for the making of profits, but on the contrary should be directed towards the good and prosperity of all races in the State and the welfare of all mankind.

### 3. Agriculture.<sup>1</sup>

Manchuria is purely an agricultural country, 90% of its inhabitants being farmers. The methods of farming are, however, still primitive. This is due to ignorance on the part of the farmers, to neglect of their welfare, and to the heavy taxation imposed on them by the magistrates.

The crops consist chiefly of soya-beans, Manchurian maize, millet, and wheat. The soya-bean crop is about 60 % of the world's output. Generally speaking the crops are raised by very crude methods and are therefore of inferior quality. In the region along the South Manchuria Railway, however, much improvement has been made in the quality and yield thanks to the researches and modern scientific aids afforded by the S.M.R. Company's Agricultural Experimental Station.

Agriculture may appear modernized, but actually it is still in a primitive state. Although each prefecture has an agricultural association, it does not function as it ought to. The greater portion of agricultural economy is still controlled by such intervening exacting organs as "Liangchan", grain storehouses, and militaristic political power. The reckless issue of inconvertible paper money and the compulsory cornering of agricultural products with paper money by the military authorities made the lives of the farmers extremely hard and disturbed the economic condition of the whole country.

There is only one crop per year of each product. When the frost sets in and the surface of the roads becomes hard, the farmers are able to transport their produce to the "Liangchan", or grain storehouse, in the nearest towns or to the railway stations and sell it. After they have finished the transportation of their products and have no other occupation, the farmers live a life of inactivity, waiting for the spring sowing season. The Government intends to do much for agriculture in the future and is hastening to carry out the following plans :

1. Assurance of the farmers' livelihood by the abolition of indirect taxes or the reduction thereof.

<sup>1</sup> See notes at end of this section concerning the agricultural system.



2. Promotion of the farmers' interests by the readjustment and improvement of the agricultural money-circulating organizations.

3. To facilitate agricultural association.

4. To stabilize the sales of agricultural products.

5. Establishment of institutions for teaching the farmers to improve the quality of their products and methods of agriculture ; to disseminate agricultural knowledge and encourage and direct gainful occupation during the winter.

The number of Korean farmers resident in Manchuria now exceeds one million. It is chiefly due to their labour that the barren land in North Manchuria has been reclaimed and turned into paddy fields. They are the pioneers of rice cultivation in Manchuria. The old regime oppressed and deprived them of their leases and caused trouble in many places. The new Government, in accordance with the principle of bringing all races into harmony, will treat them on an impartial basis.

The labourers who immigrate into the State from China Proper have greatly increased in number during the past few years. Although in this group there are some mechanics and miscellaneous labourers, most of them are farmers. There are two kinds of these farm labourers ; those who remain for the crop season and those who settle down. Their numbers are nearly equal. These labourers, refugees from civil strife in China Proper, are in most cases poverty-stricken. Not a few, after landing at Dairen or Yingkow, trek northward on foot. They lead a very simple life, endure all sorts of privations, and have such vigorous vital force as could scarcely be imagined by the people of civilized countries. The southern part of the State is now full of such immigrants and suffers from an over-supply of labor. They are consequently gradually migrating northwards.

The Government recognizes the necessity of controlling the entry of such immigrants for reasons of public order, sanitation, and regulation of labour.

#### NOTES CONCERNING THE AGRICULTURAL SYSTEM.

##### *The system of registering title-deeds.*

By this system, which has hitherto been called "Shui-chi", people acquire ownership of land guaranteed by the payment of the required fee to the prefectural office. The new Government plans to establish a firm registration system.

##### *Lease contracts and payment of ground-rent.*

The "Tien-ti" is a time lease for a period of not less than three and not more than twenty years; the "Tsu-ti" is a lease which has to be renewed yearly. Neither of them comes under the registration law, being merely a personal contract with guarantors. The new Government intends to enforce registration of such contracts. Ground-rent is paid in money, cereals, or labour. When paid in money or cereals, payment is either made in advance or after the crop is harvested. When paid in labour, the tenant enters into a contract with the land-owner which varies with circumstances.

##### *Methods of selling farmers' products.*

Such staples as the soya-bean, Manchurian maize, millet, and wheat are purchased chiefly by the "Grain Storehouses", the farmers selling the greater portion of their products through these agencies and reserving the balance for their own use. In recent years the official banks, owned by the military clique and their agents, cornered the market with inconvertible notes.

The "Grain Storehouses" are brokers or middlemen between the producers and exporters or other purchasers of agricultural products. They have long exploited the farmers. The Government intends to organize agricultural associations and guilds so that produce transactions may be carried on directly without the intervention of these parasitical organs.

##### *Agricultural financing.*

Farmers are accommodated with funds by the landowners or "Grain Storehouses". As none of the banks are able to extend credit, they have no other alternative. Under these conditions, the farmers seldom borrow from the banks.

The Government realizes the necessity of establishing industrial banks to facilitate credit systematically, especially for farmers.



*Burdens the former political regime imposed upon the agricultural classes.*

In an agricultural country like Manchuria, it is natural to depend upon agricultural products and other articles relating to agriculture for the chief source of revenue. In the past, the burdens imposed upon the agricultural class were particularly heavy as may be clearly seen from the following table :

*A comparative Table showing the Burdens of Farmers  
and of other Classes of People.*

(Prepared from the revenues of 1930).

| Kind of Taxation      | Amount of Taxes (Unit : 1,000 yuan) | Population (unit : 1,000 families) | Burden per capita (Mex. \$) | Remarks                                               |
|-----------------------|-------------------------------------|------------------------------------|-----------------------------|-------------------------------------------------------|
| Agriculture           | 41,736                              | 11,900<br>(Agriculture)            | 3.50                        | Tax on paddy fields, Mex. \$10,557,000                |
|                       |                                     |                                    |                             | Tax on stock-farming . 2,243,000                      |
|                       |                                     |                                    |                             | Tax on agricultural products . . . . . 28,936,000     |
| Commerce and Industry | 6,899                               | 3,700<br>(Com. and Ind.)           | 1.80                        | Business tax . . . . . 6,899,000                      |
| Others                | 54,431                              | 30,900<br>(entire population)      | 1.70                        | Tax on salt . . . . . 31,382,000                      |
|                       |                                     |                                    |                             | Tax on tobacco and wine . . . . . 6,038,000           |
|                       |                                     |                                    |                             | Storehouse of grain (General tax) . . . . . 5,218,000 |
|                       |                                     |                                    |                             | Stamp duty . . . . . 1,222,000                        |
|                       |                                     |                                    |                             | " Chi-shui " (tax on title-deed) . . . . . 3,227,000  |
|                       |                                     |                                    |                             | Other taxes . . . . . 7,334,000                       |

The burden *per capita* upon the farmers is Mex. \$3.50 as against \$1.80 for the commercial and industrial classes, the former being about twice as much as the latter. Compared with the burden *per capita* of the entire population, which is Mex. \$1.70, the former is twice as heavy. The above comparison concerns national taxes only, but if the taxes levied by local organizations, prefectural offices and agricultural associations be taken into consideration, the burden on the agricultural class will be several times heavier.

#### 4. Forestry, Live-stock Farming and Fishery.

*Forestry.* — The principal forest zones are located in the Yalu River Valley, Chientao districts, the eastern part of Kirin Province, and the districts in and around the Great Hsingan-ling Ranges. No reliable survey having as yet been made, no figures are available as to their areas and stand, but the quantity of timber is roughly estimated at 10,000,000 tan (or Chinese cords). The annual yield being only about 5,000,000 tan, they may be considered as virgin forests.

A successful exploitation of these forests will, as in the case of other natural resources, call for the development of the means of transportation. At present, timber cotting is carried on only in those districts where railways or rivers afford facilities of transportation. These forests have been worked for the past twenty years by 12 private companies, the annual yield being some 5,000,000 tan as mentioned.



Under the old regime, the forestry administration was such as to be scarcely worthy of mention. The method of granting permission to cut lumber was very imperfect. Permits were issued on the basis of very unreliable maps. They had no rules covering the reclamation of deforested areas, with the result that they quickly turned into waste lands.

The regulations dealing with applications for deforestation under the old regime were as follows :

1. The maximum area permissible 200 square Li (approximately 720 yards) ; maximum period 5 years ; the permit to be renewed every 5 years.

2. For lumbering in government-owned forests, the maximum period 1 year ; permits to be issued by each Provincial Government ; rates varying according to different provinces ranging from 15% to 20% of the amount of lumber.

Measures under contemplation by the Government in regard to forestry administration are as follows :—

1. To establish an organ to supervise and control forestry affairs,
2. To conduct surveying and investigation of forests and classify them into (a) those for preservation, (b) those for operation, (c) lands for afforestation.

3. To set aside state-owned forests from those disposable to private buyers, and to strive for the prosperity of the industry by cooperation between the Government and the people.

4. To formulate regulations covering the disposal and reclamation of deforested lands.

5. To grant permission for deforestation on the two following conditions :

- (a) In order to protect young trees, no broad-leaved trees under 8 inches in diameter or no coniferous trees under 1 foot should be allowed to be cut.

- (b) Five or more fair-size trees should be left uncut for each mu (approximately 31 yards square) of deforested land.

*Cattle Raising.* — Cattle raising in a nomadic manner is to be found in Hsingan Province and in Jehol. The animals raised in these districts are sheep, steers, horses, asses, mules and camels. These together with pigs are also raised by farmers throughout Manchuria as a subsidiary industry.

1. Horse. — The horse may be called the backbone of Manchurian agriculture in that it constitutes the chief source of labor and supplies manure for fertilizer. They are mostly of Mongolian origin, standing 4ft. 3 or 4 in. in height. There is much room for their improvement.

2. Cows are raised by the Chinese as draft animals and by Mongolians for their milk. Beef as food is not general. The cows are mostly of Mongolian or Manchurian origin, and like the horses, there is much room for their improvement.

3. Pigs. — Pork being the meat best liked by the Chinese, pigs are kept by almost every Chinese farmer. The total numbers of pigs in Manchuria is estimated at 8,500,000 head. They are slow to attain full size and hard to fatten. They yield excellent bristles for making brushes.

4. Sheep and Goats. — Both are of Mongolian origin and are raised for their meat and wool. The wool yield is poor in both quantity and quality and leaves much to be desired. There are no available statistics.

Although the number of live-stock must be enormous, they are all of poor quality and the methods of raising and utilizing them still in a primitive stage. Every year a large number fall victim to animal epidemics. Long and arduous efforts of the South Manchuria Railway Company and the Kwantung Government towards improving the stock and preventing epidemics have not yet borne appreciable results. The old Government did practically nothing toward improving the situation.



Live-stock markets are also conducted in primitive fashion. There are no live-stock products worth mentioning. Markets for live-stock and their products have not yet been fully developed. Still, a fair quantity of horse and cow skins and other hides are exported. Measures contemplated by the Government are :—

1. Improvement of the quality of animals and the methods of rearing them ;
2. Prevention of animal epidemics ;
3. Improvement of live-stock markets and extension of new markets abroad ; and
4. Encouragement of live-stock products industry, and cultivation of markets for the products.

*Fishery.* — Fishing is conducted chiefly along the coast of Fengtien Province, especially in the waters of the Kwantung Leased Territory, where over 30 varieties of useful and edible fish are caught. Remarkable progress has been made during the past thirty years in this industry.

Fresh-water fishing is limited to North Manchuria. The rivers and lakes teem with various kinds of fish, but only primitive methods of catching them are resorted to.

*Salt Industry.* — An exceedingly low precipitation and the dryness of the atmosphere prevailing in the coast districts of the Liaotung Peninsula throughout the year make them particularly suitable for the sun-drying method of producing salt. The industry is steadily developing. Salt and soda industries seem to have a bright and promising prospect.

#### 5. Manufacturing and Mining.

*Manufacturing.* — During the past two or three decades, industries in Manchuria have developed from a crude and primitive condition into the modern machine-using stage. The total industrial output is roughly estimated to have increased by some thirty times during the same period. The modern industries, chiefly consisting of oil-milling, flour-milling, brewing, distilling and iron-smelting, are centered along the two railway lines, the S.M.R. and the C.E.R. Outside these railway areas, primitive forms of industry still prevail. Since 1930, the manufacturing industries in Manchuria, which had been, with few exceptions, dull and inactive for some years past, have fallen to the lowest ebb due to the world-wide economic depression and the depreciation of silver. Amidst this all-round stagnancy the only industry that maintained its activities was the manufacture of arms and ammunition for General Chang Hsueh-liang.

The Government considers it premature to adopt measures for the encouragement of various high-class industries. For the present, the Government's attention will be confined to the development of such industries as bean-oil pressing, flour-milling, alcohol distilling, iron-smelting and a few others, which represent the principal manufacturing industries of present-day Manchuria. Other industries will gradually be investigated and encouraged as circumstances warrant.

*Mining.* — Regarding the mining possibilities of Manchuria, very little survey work has been done. The most important of the minerals now located and worked are iron and coal. Next come oil-shale, magnesite, aluminous shale, coking coal, and materials for iron-smelting and ceramics such as fire-clay, lime-stone, dolomite and quartzite.

Of these, coal is the only mineral that has been systematically exploited. As to iron, oil-shale and other minerals, the poor quality of the ores and the difficulty of mining are responsible for the slowness of their development. It was only recently, thanks to the efforts of Japanese experts, that the iron-smelting and oil-shale industries have begun to pay.



Nearly all the mines under operation are situated along the railway lines. Of those farther in the interior, very little is known. Those operated in olden times or during boom days following the world war have all been closed or abandoned. No new mines have since been opened due to political opposition which precluded the introduction of capital and modern methods.

The authorities under the old regime, with the old mining laws covering Manchuria, did more harm than good as regards the development of the mines. They were too much engrossed with their own gain to think of the public benefit. Applications from private individuals, if found lucrative, were held up indefinitely, or the mines were confiscated with a view to preserving them for their own exploitation. Foreign capitalists were not only debarred from working mines under pretext of the protection of national interests, exclusion of foreign capital, etc., but often their concessions were confiscated on the charge of infringement of the mining laws, non-fulfilment of contract, etc., with the result that domestic private initiative was systematically stifled, and the mining industry strangled, while externally, it gave rise to frequent infringements of the vested rights of foreigners.

The policy of the new Government is to encourage the full development of all mining possibilities under systematic control. In accordance with the principles of the open door and equal opportunity for all, enterprises and investments by foreigners will be recognized and permitted insofar as they are consistent with existing treaties and laws.

Measures contemplated regarding the mining industry are as follows :

1. To formulate a new mining law suited to cope with the existing conditions ;
2. To create a state organ for the control and proper guidance of the industry ;
3. To establish a government mining bureau to look after the state-owned mines ;
4. To institute a survey of the mining possibilities in Manchuria with a view to opening up new fields.



## CHAPTER VII.

### COMMUNICATIONS.

#### 1. Land and Water Transportation.

The railways in Manchoukuo come under three heads : those owned by the Government, those privately owned, and finally those owned jointly by the Government and private organisations. The new Government will place all railways under the management of the Government. All affairs formerly conducted by the Northeastern Communications Committee and by the Railway Department of the Government of the Republic of China have been transferred to the Department of Communications of the new State. With the exception of minor local railways, the new Government shall manage all the railways in accordance with accepted and universal principles. After the management of transportation has been unified, freight rates will be reduced in proportion to distance in order to facilitate the development of interior districts.

In order to handicap the South Manchurian Railway, the old Government adopted an irrational, competitive policy, fixing a suicidal freight rate that resulted in a loss to the railways. The sound development of the railways was retarded and much inconvenience caused to shippers and the public. The policy of the new Government for the management of the railways is based upon respect of treaties and agreements and the principle of mutual prosperity.

The industries of Manchuria and Mongolia depend upon the means of transportation. Many railways and highways will be built. The projected Kirin-Huining and Changchun-Talai lines, for the construction of which an agreement was formerly made between China and Japan, are of first importance and are on the point of being built. The construction of many other lines is under consideration.

The highways in Manchuria are in very poor condition, especially as there are no regular routes or bridges. Transportation of goods by wagon can be done only in winter. When the spring thaw sets in, the roads become quagmires, and it is practically impossible to transport goods anywhere in Manchuria. In order to perfect the transportation system, to develop industries, and maintain peace and order, highways suitable for the traffic of motor-cars and heavy lorries in all seasons must be built. Plans for these will soon be completed.

#### *Reforms in Railway Management and Transportation.*

In order to improve the management and traffic conditions of the railways, some reforms have been made.

1. The joint line between the Mukden-Hailung Railway and the Mukden-Shanhaikwan Railway (formerly Peking-Mukden Railway) has been broken off. This was caused by military operations against the anti-Kirin troops. On account of a pending treaty question, no repairs are being made for the present.

2. The Kirin-Changchun Railway and the Kirin-Hailung Railway have been linked up at Kirin for the purpose of affording extra facilities. The staff of the Kirin-Hailung Railway Company are to take charge of the affairs of the Kirin-Changchun Railway Company. The freight charges of the Kirin-Hailung Railway are now paid in silver dollars instead of Kirin dollar notes.

3. The Kirin-Tunhua Railway and Kirin-Changchun Railway Companies have been put under joint management.

4. The Taonan-Soulun Railway Company has been united with that of the Taonan-Anganchi Railway under the control of a chief manager.



5. The eastern section (from Shanhaikwan to Mukden) of the former Peking-Mukden Railway has been renamed the Mukden-Shanhaikwan Railway. A company has been newly established to manage it. The loan advanced by the British-China Company for building the said railway is being paid in accordance with the terms of the former contract.

6. After the chief of staff and employees of the Mukden-Hailung Railway, appointed by the old government, had fled, a Committee was organized to take charge of railway affairs in accordance with the agreement made by the shareholders and the railway employees. The new Government, realizing this necessity, acknowledged it as a temporary measure.

7. The special freight rate put into force by the old government for the purpose of diverting all freight from the South Manchuria Railway has been suspended. Through traffic on the South Manchurian Railway is now open.

8. A provisional system of through transportation for goods between the Ssupingchieh-Taonan line, Tsitsihar-Koshan line, Taonan-Angangchi line and Taonan-Soulun line, and the South Manchurian Railway has now been adopted. Although complete through traffic for travellers has not yet been established, direct passenger trains between Tsitsihar and Mukden or vice versa are now running.

9. Through traffic for passengers from Kirin to Dairen has already been started.

10. The extension sections (a section of the Kirin-Hueining Railway) of the Kirin-Tunhua line and the Changchun-Talai Railway (a section of Changchun-Taonan line) are both under survey.

11. A greater part of the staff of the Chinese Eastern Railway has been reorganised.

Transport by water has never been fully developed. Under the old regime there was no conservancy board or organization to control and regulate river or coastwise traffic. The principal rivers which would afford excellent means of transport for at least 7 months of the year (until they become frozen over) are : the Amur, Sungari, Yalu, Liao-ho and Hun-ho. The principle coast ports are Yingkow, Antung and Hulutao. The new Government intends to create a proper conservancy or port authority and to draw up regulations covering all branches of water transport with a view to opening up the country. The railways and highways are useful for natural defence and for preserving peace and order. The Government therefore considers it highly important that the waterways should be fully developed and thus form a valuable link with all other means of communication throughout the State.

## 2. Posts and Telegraphs.

Postal and telegraphic services in Manchoukuo are not up to desired standards. The communication network in the Kwantung Leased Territory and the railway zones of the S.M.R. and C.E.R. is comparatively well laid out, but it is extremely poor in other regions. Generally, communication is of a very primitive kind with frequent delays and interruptions as a result of poor line construction and equipment.

The new State took over the postal service of its territory on April 24 and applied for permission to join the International postal and telegraph union.

The old postage stamps are still being used, but new ones are to be issued when the new State joins the International Postal Union.<sup>1</sup> Further, the new Government regards it as its urgent business to repair the means of communication as well as to draw up plans for the completion of the communication network.

<sup>1</sup> The new postage stamps have been issued on August 1st. 1931.



Appendix I.

PROCLAMATION BY THE ADMINISTRATIVE COMMITTEE OF THE  
NORTHEASTERN PROVINCES.

[Translation.]

February 18th, 1932.

Several months have already elapsed since the incident of September 18, 1931. The desire of the populace for the restoration of peace is like that of the hungry for food and the thirsty for water. At this juncture, the most earnest and zealous hope exist, among the people for their rebirth and regeneration. Chang Ching-hui and the other signatories to this Proclamation, having been nominated as leaders of the Provinces and the Districts, feel that their responsibilities for bettering conditions and establishing a new order of things in these areas cannot be transferred to other shoulders.

In order to formulate a program in conformity with the new policies, they decided at a meeting to establish a unified and stable organization founded upon the will of the people, otherwise the creation of a new administrative power will not be possible.

The Administrative Committee of the Northeastern Provinces is hereby organized and its title confirmed by the Four Northeastern Provinces, one Special District and the chieftains of various Mongolian banners. Conjointly with the genesis of this Committee, the Northeastern Provinces and Special Districts sever all relations with the government under the control of the Kuomintang Party and declare their complete independence therefrom.

The task of this committee is threefold.

First : to reform the administrative system in accordance with the spirit of independence. Under the maladministration of the former military regime, the people have been exposed to fire and hurled into deep waters by tyranny and exactions. The tears shed through these bitter experiences in their own homeland are still undried ; the venom from the vicious fangs of these beasts injected into their life-blood is slow to eliminate. Therefore, it is imperative that these undesirable elements be uprooted and eradicated. It is taught in the ancient classics that rulers are hailed as kings and queens only when they govern with love and kindness and assure peace and safety to the people.

Secondly : of late years, the good people have been subjected to tyrannical rule by those who only sought to satisfy their own greed, with the inevitable result that social morality has been gradually declining. It should be noted in this connection that society is the foundation of the state, and morality the spring-head of good government. The ancient classics teach that even the wild tribes of the north and south may submit to authority if ruled in the spirit of loyalty, faith, sincerity and respect.

This Committee will adopt a program of international friendship, rejecting the anti-foreign policies of China proper. It will exert its efforts to terminate international strife and follow the principle of the Open Door and Equal Opportunity for the advancement of mutual prosperity and mutual existence among the peoples of the world.

Thirdly : the fundamental policy of the Committee is to establish peace within its borders and cultivate harmonious relations with foreign countries, promoting industry, agriculture and commerce, thus bringing prosperity to the people.

When the mutual interests of society are harmonized, class struggle will disappear. The Red menace will be shut out, and the healthy development of the people will follow. To attain these aims, the undersigned hereby establish this Committee in order to bring happiness to the peoples of the Northeastern Provinces and Special Districts, and so bring peace and contentment to all peoples of Eastern Asia.

The heavenly sun shines above us. Adhering to this proclamation, come all people and lend us your aid for the fulfillment of this noble cause !

Mukden, February 18th, 1932.

(signed :) Chang Ching-hui,  
Tsang Shih-yi,  
Hsi Hsia,  
Ma Chan-shan  
Tang Yu-lin,  
Ling Sheng,  
Hu-lun-pei-erh,  
Chi Wang,  
Che-li-mu-meng.



Appendix II.

PROCLAMATION OF THE ESTABLISHMENT OF MANCHOUKUO  
BY THE GOVERNMENT OF MANCHURIA.

[Translation.]

March 1, 1932.  
(The First Year of Ta-Tung).

The territories of Manchuria and Mongolia form a region, remote and isolated, on the Continent of Asia. The ancient records reveal that its history is a long one ; that the country experienced unions and disunions within its borders ; that the soil of the land is fertile and the people honest and simple in their manners and customs. After being opened to outside intercourse, the population increased in numbers and the products in volume, turning the country into a land of abundance and promise.

Since the establishment of the Republic following the Revolution of 1911, the military factions of the Three Eastern Provinces, taking advantage of Civil wars in China Proper, usurped the administrative power and brought the territory under their control. Twenty years have elapsed since the revolution, during which time war-lord succeeded war-lord, each and all of them contemptuously disregarding the welfare of the people to indulge in greed, extravagance and dissipation, pursuing their self-interest to the injury of the people who were burdened with over-taxation to the point where they faced ruin and starvation. The currency system was completely ruined ; the business of the country became stagnant and finally collapsed.

At this critical juncture, the war-lords, giving rein to their insensate ambition, advanced their armies into the country south of the Great Wall, causing unnecessary strife and killing and wounding many thousands of people. Although on many occasions they suffered defeat, they never awakened to a realization of their folly. They lost the faith and respect of the foreign powers ; they engaged in wars with neighbouring countries and, in utter disregard of the spirit of international friendship and good-will, encouraged anti-foreign movements.

Laxity in the police administration stimulated disturbances in the country and encouraged depredations by thieves and bandits. Robbery, arson and massacre by these lawless elements terrified the entire population who, bereft of protection, were exposed to outrage and hunger in all parts of the country. To leave the thirty million people of Manchuria and Mongolia unprotected against this menace within their borders exposes them to atrocities, outrage and ultimate extinction. It is the peoples' desire to free themselves from this menace to their lives and liberties. Happily, through the aid of the army of a neighboring country, it was made possible to expel these corrupt and vicious elements from the stronghold wherein they had entrenched themselves for many years past. The citadel of misrule and corruption is now being given a thorough renovation. This we believe is a Heaven-sent opportunity to the people of Manchuria and Mongolia to shake off their shackles. We should rise to the occasion and strive for our regeneration and rebirth with courage and determination.

In turning our eyes towards China Proper, we have noted that the rival war-lords have engaged in intermittent warfare ever since the revolution. Of late years, despotic rule over the country has been exercised by one party alone. Under the pretext of applying the Three Principles of the people, the people are put to death in the name of Minshen ; the leaders are intent solely on advancing their own interests and indulging their greed in the name of Minchuan ; in their eyes, there is nothing outside their own party although they profess the principles of Min-tsu. Vociferating that the country is ruled with fairness and equality, the practice of the party leaders is in utter contradiction to what they profess, deceiving not only themselves but the people.

Of late years, internal wars precipitated by illegal partitioning of one another's territory have been frequent. Even the existence of the Kuomintang Party itself is now in danger. In these circumstances, it is impossible to expect from its leaders any regard for the national welfare. The country is now overrun by Communist bands whose poisonous doctrines are fast corrupting the people and corroding the very heart of the national government. In the face of these deplorable conditions, we look back to the days of the Ching and Min dynasties and also those of Yao and Shun and lament the distance that separates us from the golden ages of our history. This feeling is equally shared by friendly nations abroad.

Twenty long years' experience has convinced us that we must face bravely the realities and take upon ourselves the task of reforming our national life and ushering in a new golden age. The fact must be borne in mind, however, that the evil influences



are still with us, and should we evade the issue at this time and fail to check the spread of Communism, it is obvious that the destruction of the nation is inevitable. At this critical moment, unless the people of Manchuria and Mongolia awake to a realization of the heaven-given and opportune call to liberate themselves from this corrupt political state, their extinction will also be inevitable.

After thorough deliberation covering a period of several months at meetings specially convened for the purpose, the leaders of Fengtien, Kirin, Heilungkiang and Jehol Provinces, the Harbin Special District, and various banners of Mongolia, have arrived at a unanimous conclusion to adopt a practical application of good rule rather than a display of words in the administration of state affairs. Under whatever form of government, the primary duty of the state is to assure peace and security to the people.

In the past, Manchuria and Mongolia were separate states detached from China Proper. The present situation puts us in a position to strive for national independence. Supported by the will of the thirty million people, we hereby declare on this day that we sever our relations with the Republic of China and establish the State of Manchuria, and that we hereby make a public proclamation of the fundamental principles on which this new State is established.

Statecraft is founded upon the principle of "*Tao*" "The Way", and "*Tao*" is founded upon "*Tien*" or Heaven. The principle on which this new State is founded is to follow "*Tien*" or Heaven in order that the people may have peace and security. The government must be approved by the people, and no man's personal views shall be permitted to influence the affairs of State.

There shall be no discrimination with respect to race and caste among those people who now reside within the territory of the new State. In addition to the races of the Hans, Manchus, Mongols, Japanese and Koreans, the peoples of other foreign countries, may, upon application, have their rights guaranteed.

In internal affairs, the new State will dispel the policies adopted in the dark days of the past ; it will revise laws, enforce local autonomy ; draft able men into the service of the government ; elevate the officials deserving promotion ; encourage industry ; unify the currency system ; open up the natural resources of the country ; maintain a good standard of living ; adjust and regulate the administration of the police ; eliminate banditry, promote and popularize education ; respect "*Li-chiao*", the teachings of Confucianism, and apply the principle of Wang-tao and practice its teachings. In this way the people will become educated and become prosperous and contented. The State can then assume its task of perpetuating the peace of Eastern Asia and set up a model government.

The foreign policy of the new State shall be to promote cordial relations with foreign powers by winning their trust and respect through strict observance of international conventions. Financial obligations incurred within the territory of Manchuria by treaty or loan agreements with various countries prior to the establishment of the new State, shall be met according to the terms of those agreements. Investments by any foreign nation shall be welcomed for the furtherance of trade and exploitation of natural resources, thus bringing the principles of the open door and equal opportunity to a fuller realization.

The foregoing articles thus proclaimed are the fundamental principles underlying the establishment of the new State. From the day of its establishment, the new Government shall assume all responsibilities arising therefrom and hereby declare on oath to the thirty million people, with sincerity and good faith, that these shall be fulfilled.



Appendix III

[Unofficial Translation.]

Ordinance No. 2.

March 9th  
First year of Ta-Tung  
(1932)

THE GUARANTEE LAW OF CIVIL RIGHTS.

The Chief Executive, who exercises the administrative power over the State of Manchuria (Man-chou-kuo) and who is entrusted with the faith and confidence of the entire people of the State, hereby pledges to give the people, except in times of war and of extraordinary circumstances, the guarantee of liberty and rights and to determine the duties of the people in accordance with the provisions hereinafter set forth :

*Article 1.* — The liberty of subjects of the State of Manchuria (Man-chou-kuo) shall not be infringed, and all restrictions imposed by the public authorities shall be provided for by law.

*Art. 2.* — The property rights of the subjects of the State of Manchuria (Man-chou-kuo) shall not be infringed, and restrictions rendered necessary by reasons of the public welfare shall be provided for by law.

*Art. 3.* — The subjects of the State of Manchuria (Man-chou-kuo) shall be given equal protection by the State irrespective of race and faith.

*Art. 4.* — The subjects of the State of Manchuria (Man-chou-kuo) shall, according to the provisions of law, have the right to participate in the affairs of the government or of local organizations.

*Art. 5.* — The subjects of the State of Manchuria (Man-chou-kuo) shall, according to the provisions of the law, have the right to be appointed to governmental offices, and others may assume honorary positions.

*Art. 6.* — The subjects of the State of Manchuria (Man-chou-kuo) may present petitions in accordance with the procedure prescribed by law.

*Art. 7.* — The subjects of the State of Manchuria (Man-chou-kuo) shall have the right to be tried by the judges of the court in accordance with the law.

*Art. 8.* — In case the rights of the subjects of the State of Manchuria (Man-chou-kuo) are violated by unlawful decisions of the administrative authorities, a remedy may be sought in accordance with the provisions of the law.

*Art. 9.* — The subjects of the State of Manchuria (Man-chou-kuo) shall not be subjected to any taxation or imposition of penalty in any form unless provided for by law.

*Art. 10.* — The subjects of the State of Manchuria (Man-chou-kuo) may protect and promote their economic interests and rights by means of cooperative organizations as long as they are not prejudicial to the public welfare.

*Art. 11.* — The subjects of the State of Manchuria (Man-chou-kuo) shall be protected against all forms of practices for excessive profits as well as other forms of unlawful economic oppression.

*Art. 12.* — The subjects of the State of Manchuria (Man-chou-kuo) shall have the right to enjoy privileges offered by various establishments and institutions built with the public funds of the government or of the local organizations.

*Art. 13.* — This law shall come into force on the Ninth of March, the First Year of Ta-Tung.



Appendix IV.

LETTER OF THE FOREIGN MINISTER.

[Translation.]

Department of Foreign Affairs  
The State of Manchuria.  
Changchun, March 12, 1932.

Sir :

I have the honor of informing you that the Provinces of Fengtien, Kirin, Heilungkiang and Jehol, the Tungshen Special District and Mongolian Mengs (Leagues) under Several Banners have united themselves to establish an independent government, severing their relations with the Republic of China, and created "Man-Chou-Kuo" (the State of Manchuria) on March 1, 1932.

It must be known to you that the former military authorities, headed by Chang Hsueh-liang, who administered the Northeastern Provinces, sought only their self-interest and failed to give adequate consideration to the welfare of the people ; further, that the entire population was subjected to extreme suffering through outrageous exactions resulting from the corrupt practices in official circles ; and that relations with foreign nations were greatly impaired by the enforcement of anti-foreign policies. Furthermore, in China Proper there is to be found no unified and stable government due to the constant factional strife of a murderous nature carried on by the various Chinese military leaders, and not a day of peace is enjoyed by the people at large.

Hereupon, the people of Manchuria, seizing the opportunity presented by the overthrow of the old military power and acting with unity of endeavour and a single purpose, established a new State.

The Government of Manchuria proposes to perfect the legal institutions, to establish security for the life of the people, and to exert every effort within its power for the promotion of their happiness and peace.

As regards relations with foreign nations, it has been definitely decided that diplomatic intercourse shall conform to the several principles hereinafter stated :

1. That the Government shall conduct the affairs of the State according to the primary principles of faith and confidence and the spirit of harmony and friendship, and pledges itself to maintain and promote international peace.
2. That the Government shall respect international laws and conventions.
3. That the Government shall succeed to those liable obligations due to the Republic of China by virtue of treaty stipulations with foreign countries in the light of international laws and conventions, and that these obligations shall be faithfully discharged.
4. That the Government shall not infringe the acquired rights of the peoples of foreign countries within the limits of the State of Manchuria, and further that their persons and properties shall be given full protection.
5. That the Government welcomes the entry of the peoples of foreign nations into, and their residence in, Manchuria and declares that all races shall be accorded exqual and equitable treatment.
6. That trade and commerce with foreign countries shall be facilitated, thus contributing to the development of world economy.
7. That, with regard to the economic activities of the peoples of foreign nations within the State of Manchuria, the principle of the Open Door shall be observed.

It is the earnest desire of this Government that your Government will fully understand the purport of the establishment of the State of Manchuria hereinbefore stated, and that formal diplomatic relations be established between your Government and the State of Manchuria.

With the assurances of my highest esteem and distinguished consideration.

Respectfully,  
(Signature) :  
HSIEH CHIEH-SHIH,  
Minister for Foreign Affairs.

March twelfth, the First Year of Ta-Tung.



Appendix V

THE CONSTITUTION

[Unofficial Translation]

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Ordinance No. 1.

March 9th  
First year of Ta-Tung  
(1932)

THE ORGANIZATION OF THE GOVERNMENT.

CHAPTER I.

*The Chief Executive.*

*Art. 1.* — The Chief Executive shall administer the State of Manchuria —  
Man-Chou-Kuo.

*Art. 2.* — The Chief Executive shall represent the State of Manchuria.

*Art. 3.* — The Chief Executive shall be responsible to the people.

*Art. 4.* — The Chief Executive shall be nominated by the people.

*Art. 5.* — The Chief Executive shall exercise the legislative powers with the approval of the Legislative Council.

*Art. 6.* — The Chief Executive shall govern the State Council and exercise the administrative powers.

*Art. 7.* — The Chief Executive shall cause the judicial courts to exercise the judicative powers in accordance with the law.

*Art. 8.* — The Chief Executive shall maintain and promote peace, security and the happiness of the people ; issue and cause to be issued orders for the execution of laws, but he shall have no power to revise laws.

*Art. 9.* — The Chief Executive, in case he finds it impossible to convene the Legislative Council either to maintain public peace and order or to avert calamities, is empowered to issue emergency mandates, with the approval of the Privy Council, which shall have the force of law, and is required to submit reports on such mandates at the earliest session of the Legislative Council.

*Art. 10.* — The Chief Executive shall determine the organization of the administration, the appointment and dismissal of governmental officials, and their salaries.

Those which are especially provided for in the provisions of the present Constitution or in other laws are excepted.

*Art. 11.* — The Chief Executive shall have the power to declare war and peace and to conclude treaties.

*Art. 12.* — The Chief Executive shall have the supreme command of the military, naval and air forces.

*Art. 13.* — The Chief Executive shall have the power to grant amnesty, pardon, commutation of penalties and restoration of rights.



CHAPTER II.

*The Privy Council.*

*Art. 14.* — The Privy Council shall be composed of Councillors.

*Art. 15.* — The Privy Council shall, after being consulted by the Chief Executive, submit its opinions relating to the following matters :

- (1) Law.
- (2) Mandate.
- (3) Budget.
- (4) Negotiations with foreign nations for treaties and agreements and declarations to foreign countries in the name of the Chief Executive.
- (5) Major appointments and dismissals of government officials.
- (6) Other important matters relating to state affairs.

*Art. 16.* — The Privy Council may present proposals to the Chief Executive on important matters relating to state affairs.

CHAPTER III.

*The Legislative Council.*

*Art. 17.* — The organisation of the Legislative Council shall be provided for by law.

*Art. 18.* — All legislative and budgetary bills must have the approval of the Legislative Council.

*Art. 19.* — The Legislative Council may present proposals concerning important matters of state to the State Council.

*Art. 20.* — The Legislative Council may receive petitions presented by the people

*Art. 21.* — The Legislative Council shall be convoked every year. The duration of the ordinary session shall be one month, and its extension may be granted by the Chief Executive.

*Art. 22.* — The quorum in the Legislative Council shall be one-third of the Council members.

*Art. 23.* — Proceedings of the meeting shall be decided by the majority of the members present. In case of a tie-vote, the President shall have the casting vote.

*Art. 24.* — The meetings of the Legislative Council shall be open to the public but closed sessions may be called by the order of the State Council or by the resolution of the Legislative Council.

*Art. 25.* — Legislative and financial bills passed by the Legislative Council shall be approved and published for enforcement by the Chief Executive. In the event of rejection of the legislative and finance bills by the Legislative Council, the Chief Executive shall ask for their reconsideration, giving reasons for such action. In case of further rejection, the Privy Council shall be consulted.

*Art. 26.* — The members of the Legislative Council shall be held responsible for their discussions and decisions only within and not outside the Council.

CHAPTER IV.

*The State Council.*

*Art. 27.* — The State Council shall take charge of all administrative affairs under the direction of the Chief Executive.

*Art. 28.* — The State Council consists of the Departments of Civil Affairs, Foreign Affairs, Defence, Finance, Industry, Communications, and Justice.

*Art. 29.* — The State Council is composed of the Premier and the Ministers of various Departments.

*Art. 30.* — The Premier and the Ministers of the Departments may attend the sessions of the Legislative Council and have the right to speak in the deliberations but cannot participate in the voting.

*Art. 31.* — The Premier shall countersign all laws, ordinances, and messages relating to state affairs.



CHAPTER V.

*The Courts.*

*Art. 32.* — The Judicial Courts, in accordance with the law, shall have charge of judicial trials of civil and criminal cases, but provision shall be made for trials of administrative cases and other special cases.

*Art. 33.* — The organization of the Judicial Courts and the qualifications of the judges shall be provided for by law.

*Art. 34.* — The judicial officials shall enjoy independence in the discharge of their duties.

*Art. 35.* — The judicial officials shall not be dismissed except in case of trial for criminal offenses or disciplinary punishment, and shall not be subject to suspension, transfer of position and office, and reduction of salary, against their wishes.

*Art. 36.* — The trial of cases shall be open to the public, but cases threatening the public peace and order, or which might be detrimental to the established order of society, they may be closed to the public by law or decision of the courts.

CHAPTER VI.

*The Supervisory Council.*

*Art. 37.* — The Supervisory Council shall supervise and audit the accounts. The organisation of the Supervisory Council and its functions shall be provided for by law.

*Art. 38.* — The Supervisory Council shall consist of Supervisors and Auditors.

*Art. 39.* — There shall be no dismissal of Supervisors and Auditors, except for criminal offenses or disciplinary punishment, and they shall not be subject to suspension and transfer of office, or reduction of salary, against their wishes.

Supplementary law :

*Art. 40.* — This law shall come into force on the Ninth of March, the First Year of Ta-Tung.

Ordinance No. 4.

March 9th  
First year of Ta-Tung  
(1932)

*The Privy Council.*

*Art. 1.* — The Privy Council shall consist of Councillors.

*Art. 2.* — The Privy Council shall have a President and a Vice-President who shall be appointed by the Chief Executive from among the Councillors. The President shall assume full charge of the Council's affairs and sign the official documents and papers issued by the Council. In case the President is unable to discharge his duties, the Vice-President shall assist him and act in his stead. When both the President and Vice-President are unable to discharge their duties, one of the Councillors shall act in their stead.

*Art. 3.* — Decisions of the Privy Council shall be made by resolutions adopted at the sessions of the Council.

*Art. 4.* — A quorum in the Privy Council shall be constituted by one-half of the Councillors.

*Art. 5.* — Proceedings of the session shall be decided by the majority of the Councillors present. In case of a tie-vote, the President shall have the casting vote.

*Art. 6.* — The President may in case of necessity call upon the Premier, Ministers of Departments, the President of the Supervisory Council, or their respective representatives to be present at the sessions of the Privy Council to express their opinions relative to the sessions of the Council.

*Art. 7.* — The President shall have the power to appoint, when necessary, an Inquiry Committee to examine special matters.



*Art. 8.* — In the Privy Council, there shall be established a Secretariat composed as follows :

The Chief of the Secretariat — Grade of Selected Appointment.  
Secretaries — Grade of Selected or Recommended Appointment.  
Subordinate officials — Grade of Delegated Appointment.

*Art. 9.* — The Chief shall take charge of the general affairs of the Secretariat under the direction of the President. The Secretaries shall attend to the affairs of the Secretariat under the direction of the Chief. The Subordinate officials shall attend to office affairs under the direction of superior officials.

*Art. 10.* — The President shall submit recommendations to the Chief Executive through the Premier, for the appointment and dismissal, reward or punishment of the Chief of the Secretariat and Secretaries and may himself determine those of the subordinate officials.

*Art. 11.* — The said organization shall come into force on the Ninth of March, the First Year of Ta-Tung.

Ordinance No. 5.

March 9th  
First year of Ta-Tung  
(1932)

*The State Council.*

*Art. 1.* — Under the direction of the Chief Executive, the Premier shall direct and supervise Department Ministers in the conduct of the administrative affairs of the State. In case the Premier is unable to discharge his duties, one of the Ministers shall act in his stead.

*Art. 2.* — The Premier shall have power to issue Council orders in accordance with his authority or by special authorization.

*Art. 3.* — In case of necessity, the Premier may cancel or suspend the orders or decisions of Departmental Ministers.

*Art. 4.* — The Premier shall have full supervision over the officials of the Council, and on recommendation to the Chief Executive, their appointment, dismissal, reward or punishment shall be determined, and those of the subordinate officials shall be decided by the Premier himself.

*Art. 5.* — The State Council Meeting shall be held for the purpose of establishing coordination and uniformity in the administrative affairs of the State. The State Council Meeting shall be presided over by the Premier and shall consist of the Departmental Ministers, the Chief of the General Affairs Board of the State Council, the Chief of the Legislative Bureau, the Chief of the Hsingan Provincial Bureau, and the Chief of Advisory Bureau, or their respective representatives.

*Art. 6.* — The following matters shall be submitted to the State Council :

- (1) Laws, ordinances, military orders and budget.
- (2) Treaties and important diplomatic matters.
- (3) Disputes between various Departments over their supervisory control.
- (4) Expenditures not included in the budget.
- (5) Other important matters relating to State Affairs.

*Art. 7.* — The Ministers of the various Departments shall have charge of the duties of their respective Departments under the direction of the Premier.

The organization of the Departments shall be determined separately.

*Art. 8.* — The Premier shall have direct control over and take charge of confidential matters, personnel, accounting and supplies of the Departments through the Board of General Affairs.

*Art. 9.* — The Board of General Affairs consists of the following staff members :

Chief of the General Affairs Board — Grade of Special Appointment.  
Mi-shu-kuan — Grade of Selected or Recommended Appointment.  
Li-shih-kuan — Grade of Selected Appointment.  
Chi-cheng — Grade of Selected or Recommended Appointment.  
Shih-woo-kuan — Grade of Recommended Appointment.  
Shu-kuan — Grade of Delegated Appointment.  
The General Affairs Board may have an assistant Chief — Grade of Selected Appointment.



*Art. 10.* — Under the direction of the Premier, the Chief of the General Affairs Board shall direct and supervise his subordinate officials to take charge of the affairs of the Board.

*Art. 11.* — The Assistant-Chief shall assist the Chief, and in case the Chief is unable to discharge his duties, the Assistant Chief shall act in his stead.

Mi-shu-kuan shall take charge of confidential matters and matters specially given them.

Li-shih-kuan and Chi-cheng shall take charge of office work and technical matters under the direction of the Chief.

Shih-woo-kuan shall discharge their duties under the direction of superior officials.

Shu-kuan shall discharge his duties under the direction of superior officials.

*Art. 12.* — The general Affairs Board consists of the following four Bureaus. Each Bureau shall have a Chief of either Mishu-kuan or Li-shih-Kuan.

Secretariat Bureau.

Personnel Bureau.

Financial Bureau.

Supply Bureau.

*Art. 13.* — The Secretariat Bureau shall take charge of the following affairs :

- (1) Confidential matters.
- (2) Proclamations of laws, mandates, military orders, ordinances and orders of the State Council.
- (3) Custody of official seals.
- (4) Dispatches and receipts of official Communications.
- (5) Publications.
- (6) Accounting and general office affairs.

*Art. 14.* — The Personnel Bureau :

- (1) Appointment and dismissal, promotion and demotion of officials.
- (2) Discipline, reward, and punishment of officials.
- (3) Salaries and treatment.
- (4) Elections of Delegates.

*Art. 15.* — The Financial Bureau :

- (1) General Budget and general settlement of accounts.
- (2) Budget for Special accounts and their settlement.
- (3) Management of National resources and funds.
- (4) Receipts and expenditure of national treasury.
- (5) Classification of receipts and expenditures.

*Art. 16.* — The Supply Bureau :

- (1) Constructions and repairs.
- (2) Miscellaneous.

*Art. 17.* — The regulations for the division of Sections shall be determined by the Chief of the General Affairs Board.

*Art. 18.* — This Organization shall come into force on the Ninth of March, the First Year of Ta-Tung.

Ordinance No. 6.

March 9th  
First year of Ta-Tung  
(1932)

## ORGANIZATION OF THE DEPARTMENTS OF THE STATE COUNCIL.

### CHAPTER I.

#### *General Regulations.*

*Art. 1.* — The various Departmental Ministers shall take charge of the affairs of their respective Departments under the direction and supervision of the Premier.

All disputes over the control of office duties which cannot be settled between two or more Departments shall be referred to the State Council for settlement.

*Art. 2.* — In case the Departmental Ministers find it necessary to enact or proclaim, abolish or revise any law, ordinance or military order for their respective Departments, the proposals shall be submitted to the Premier.



*Art. 3.* — The Departmental Ministers may demand a State Council Meeting for the deliberations of matters pertaining to the affairs of their respective Departments.

*Art. 4.* — The Departmental Ministers may issue orders governing the affairs of their respective Departments by their authority or by special authorization.

*Art. 5.* — The Departmental Ministers may issue orders or instructions relating to matters of their respective Departments, to the Civil Governors of the Provinces (excepting the governor of Hsingan Province) as well as to the Chief of the Metropolitan Police Board.

*Art. 6.* — The Departmental Ministers shall direct and supervise the Civil Governors of the Provinces (Governor of Hsingan Province is excepted) as well as the Chief of the Metropolitan Police Board, concerning the affairs under their control.

In case their orders and decisions should be in violation of the established rules or become detrimental to the public interest, they may be either suspended or abolished. However, all important matters shall be brought to the notice of the Premier.

*Art. 7.* — The Ministers shall direct and supervise the officials in their respective Departments and submit recommendations to the Chief-Executive through the Premier regarding their promotion, demotion, reward or punishment.

*Art. 8.* — Each Department of the State may have a Vice-Minister who shall assist the Minister. In case the Minister is unable to discharge his duties, the Vice-Minister shall act in his stead.

*Art. 9.* — The Departments of the State shall have their own Bureaus. Each Bureau has its own Chief to be appointed from among the Li-shih-kuan or Chi-cheng. Regulations regarding the Divisions under various Bureaus shall be determined by the Ministers.

## CHAPTER II.

### *The Department of Civil Affairs.*

*Art. 10.* — The Minister of Civil Affairs shall take full charge of affairs relating to local administration, police, public works, public health and education, and further direct the Civil Governors of various Provinces (the Governor of Hsingan being excepted) as well as the Chief of the Metropolitan Police Board.

*Art. 11.* — The Department of Civil Affairs consists of the following six Bureaus :  
Bureau of General Affairs.  
Bureau of Local Administration.  
Bureau of Police.  
Bureau of Public Works.  
Bureau of Public Health.  
Bureau of Education.

*Art. 12.* — The General Affairs Bureau shall take charge of matters relating to :  
(1) Confidential affairs.  
(2) Custody of official seals and files.  
(3) Personnel.  
(4) Accounting and general office affairs.

*Art. 13.* — The Bureau of Local administration :  
(1) Local administration.  
(2) Self-government administration.  
(3) Public organization.

*Art. 14.* — The Bureau of Police :  
(1) Peace-preservation police.  
(2) Administrative police.

*Art. 15.* — The Bureau of Public Works :  
(1) Construction works under the direct control of the Department.  
(2) Supervision over and assistance to local public construction works.  
(3) Expropriation of land.

*Art. 16.* — The Bureau of Public Health :  
(1) Plague prevention, vaccination and public hygiene and sanitation.  
(2) Health and medical administration.



*Art. 17.* — The Bureau of Education :

- (1) Education.
- (2) Arts and sciences.
- (3) Religion.
- (4) Rites and customs.

*Art. 18.* — The Department of Civil Affairs consists of :

- Mi-shu-kuan — the Grade of Selected or Recommended Appointment.  
Li-shih-kuan — the Grade of Selected Appointment.  
Too-hsueh-kuan — the Grade of Recommended Appointment.  
Chi-cheng — the Grade of Selected or Recommended Appointment.  
Shih-woo-kuan — the Grade of Recommended Appointment.  
Shu-kuan — the Grade of Delegated Appointment.

*Art. 19.* — The Mi-shu-kuan shall take charge of confidential and specified matters under the direction of the Minister of the Department.

The Li-shih-kuan shall take charge of matters under the direction of the Minister.

The Too-hsueh-kuan shall inspect and supervise schools under the direction of the Minister.

The Chi-cheng shall take charge of technical works under the direction of superior officials.

The Shih-woo-kuan shall attend to affairs under the direction of superior officials.

The Shu-kuan shall attend to general office work under the direction of superior officials.

### CHAPTER III.

#### *The Department of Foreign Affairs.*

*Art. 20.* — The Minister of Foreign Affairs shall direct and supervise the Ambassadors, Ministers and Consular officials stationed abroad in charge of diplomatic and trade negotiations with foreign countries and of matters relating to the protection of nationals abroad.

*Art. 21.* — The Department of Foreign Affairs consists of three Bureaus :

- Bureau of General Affairs.  
Bureau of Commercial Affairs.  
Bureau of Political Affairs.

*Art. 22.* — The Bureau of General Affairs shall take charge of matters relating to :

- (1) Confidential Affairs.
- (2) Custody of official seals and files.
- (3) Personnel.
- (4) Accounting and general office affairs.

*Art. 23.* — The Bureau of Commercial affairs :

- (1) Commercial affairs.
- (2) Investigation of economic conditions of foreign countries.
- (3) Protection of nationals abroad.
- (4) Consular affairs.

*Art. 24.* — The Bureau of Political Affairs :

- (1) Treaties.
- (2) International Conferences.
- (3) Intelligence.
- (4) Government Representatives and Consuls in foreign countries.

*Art. 25.* — The Department of Foreign Affairs consists of the following staff members :

- Mi-shu-kuan — the Grade of Selected or Recommended Appointment.  
Li-shih-kuan — the Grade of Selected Appointment.  
Fan-yi-kuan — the Grade of Recommended Appointment.  
Shih-woo-kuan — the Grade of Recommended Appointment.  
Shu-kuan — the Grade of Delegated Appointment.

*Art. 26.* — The Mi-shu-kuan shall take charge of confidential and specified matters under the direction of the Minister.

The Li-shih-kuan shall take charge of affairs under the direction of the Minister.

The Fan-yi-kuan shall have the duty of interpreting or translating under the direction of the Minister.

The Shih-woo-kuan shall attend to affairs under order of superior officials.

The Shu-kuan shall attend to office affairs under the direction of superior officials.



CHAPTER IV.

*The Department of Defence.*

*Art. 27.* — The Minister of Defence shall supervise and control military affairs and take charge of national defence and military operation.

*Art. 28.* — The Department of Defence consists of the following two Bureaus :  
Bureau of General Staff.  
Bureau of Military Supplies.

*Art. 29.* — The Bureau of General Staff shall take charge of :

- (1) General Affairs.
- (2) Military Operations.
- (3) Training of Troops.
- (4) Organisation and Army recruiting.
- (5) Medical matters.
- (6) Judicial affairs.

*Art. 30.* — The Bureau of Military Supplies.

- (1) Arms.
- (2) Military Supplies.

*Art. 31.* — Matters relating to the officers and officials of the Department of Defence shall be treated separately.

CHAPTER V.

*The Department of Finance.*

*Art. 32.* — The Minister of Finance shall take charge of taxation, monopoly, control of currency, and State properties.

*Art. 33.* — The Department of Finance consists of the following Bureaus :  
Bureau of General Affairs.  
Bureau of Taxation.  
Bureau of Finance.

*Art. 34.* — The Chief of the General Affairs Bureau shall take charge of :

- (1) Confidential matters.
- (2) Custody of official seals and files.
- (3) Personnel.
- (4) Accounting and general office affairs.

*Art. 35.* — The Bureau of Taxation :

- (1) Collection of national revenues.
- (2) Administration of Taxation.
- (3) Customs Revenues.
- (4) Administration of customs.

*Art. 36.* — The Bureau of Finance :

- (1) Currency.
- (2) Control of finance.
- (3) Supervision over financial establishments.
- (4) Management of State properties.

*Art. 37.* — The Department of Finance consists of the following staff members :

Mi-shu-kuan — the Grade of Selected or Recommended Appointment.  
Li-shih-kuan — the Grade of Selected Appointment.  
Chi-cheng — the Grade of Selected or Recommended Appointment.  
Shih-woo-kuan — the Grade of Recommended Appointment.  
Shu-kuan — the Grade of Delegated Appointment.

*Art. 38.* — The Mi-shu-kuan shall take charge of confidential and specified matters under the direction of the Minister.

The Li-shih-kuan shall take charge of matters under the direction of the Minister.

The Chi-cheng shall attend to technical works under the direction of the Minister.

The Shih-woo-kuan shall attend to matters under the direction of superior officials.

The Shu-kuan shall attend to general office affairs under the direction of superior officials.



CHAPTER VI.

*The Departmental of Industry.*

*Art. 39.* — The Minister of Industry shall take charge of agriculture, forestry, stock-farming, mining, commerce, industry and other industrial enterprises.

*Art. 40.* — The Department of Industry consists of three Bureaus :

Bureau of General Affairs.  
Bureau of Agriculture and Mining.  
Bureau of Industry and Commerce.

*Art. 41.* — The General Affairs Bureau shall take charge of :

- (1) Confidential affairs.
- (2) Custody of official seals and files.
- (3) Personnel.
- (4) Accounting and general office affairs.

*Art. 42.* — The Bureau of Agriculture and Mining :

- (1) Agriculture and its subsidiaries.
- (2) Forestry and afforestation.
- (3) Stock-farming.
- (4) Marine Products.
- (5) Mines and geology.

*Art. 43.* — The Bureau of Industry and Commerce :

- (1) Commerce and trade.
- (2) Industries.
- (3) Weights and measures.

*Art. 44.* — The Department of Industry consists of the following staff members:

Mi-shu-kuan — the Grade of Selected or Recommended Appointment.  
Li-shih-kuan — the Grade of Selected Appointment.  
Chi-cheng — the Grade of Selected or Recommended Appointment.  
Shih-woo-kuan — the Grade of Recommended Appointment.  
Shu-kuan — the Grade of Delegated Appointment.

*Art. 45.* — The Mi-shu-kuan shall take charge of confidential and specified matters under the direction of the Minister.

The Li-shih-kuan shall take charge of matters under the direction of the Minister.

The Chi-cheng shall attend to technical works under the direction of the Minister.

The Shih-woo-kuan shall attend to matters under the direction of superior officials.

Shu-kuan shall attend to general office matters under the order of superior officials.

CHAPTER VII.

*The Department of Communications.*

*Art. 46.* — The Minister of Communications shall have charge of all administrative affairs of railways, posts, telegraph, telephone, aviation, water transport and other matters relating to communications.

*Art. 47.* — The Department of Communications consists of four Bureaus :

Bureau of General Affairs.  
Bureau of Railways.  
Bureau of Postal Affairs.  
Bureau of Water-transport.

*Art. 48.* — The General Affairs Bureau shall take charge of matters relating to :

- (1) Confidential affairs.
- (2) Custody of official seals and files.
- (3) Personnel.
- (4) Control of aviation.
- (5) Accounting and general office affairs.

*Art. 49.* — The Railway Bureau :

- (1) Administration of railways and their subsidiaries.
- (2) Supervision over traffic on land.



*Art. 50.* — The Postal Bureau :

- (1) Posts.
- (2) Telegraph and telephone.

*Art. 51.* — The Water-transport Bureau :

- (1) Water transport.
- (2) Beacons.
- (3) Supervision over vessels and mariners.

*Art. 52.* — The Department of Communications consists of the following staff members.

Mi-shu-kuan — the Grade of Selected or Recommended Appointment.

Li-shih-kuan — the Grade of Selected Appointment.

Chi-cheng — the Grade of Selected or Recommended Appointment.

Shih-woo-kuan — the Grade of Recommended Appointment.

Shu-kuan — the Grade of Delegated Appointment.

*Art. 53.* — The Mi-shu-kuan shall take charge of confidential and specified matters by order of the Minister.

The Li-shih-kuan shall take charge of matters under the direction of the Minister.

The Chi-cheng shall attend to technical works under the direction of the Minister.

The Shih-woo-kuan shall attend to matters under the direction of superior officials.

The Shu-kuan shall attend to general office affairs under the direction of superior officials.

#### CHAPTER VIII.

##### *The Department of Justice.*

*Art. 54.* — The Minister of Justice shall supervise all courts and procuratorates to take charge of judicial trials of civil and criminal cases and non-contentious matters as well as other matters relating to judicative administration.

*Art. 55.* — The Department of justice consists of three Bureaus :

Bureau of General Affairs.

Bureau of Judicial matters.

Bureau of Execution.

*Art. 56.* — The General Affairs Bureau shall take charge of matters relating to :

- (1) Confidential affairs.
- (2) Custody of official seals and files.
- (3) Personnel.
- (4) Accounting and general office affairs.

*Art. 57.* — The Judicial Bureau :

- (1) Establishment and abolishment of courts and their jurisdictions.
- (2) Civil and criminal cases, non-contentious and other judicial matters.
- (3) Procuratorial matters.
- (4) Registration of people, mediation under mutual trust, and public certification.

*Art. 58.* — The Execution Bureau :

- (1) Execution.
- (2) Prisons.
- (3) Reformatory and protective measures for youth and protective measures for ex-convicts.
- (4) Amnesty.

*Art. 59.* — The Department of Justice consists of :

Mi-shu-kuan — the Grade of Selected or Recommended Appointment.

Li-shih-kuan — the Grade of Selected Appointment.

Shih-woo-kuan — the Grade of Recommended Appointment.

Shu-kuan — the Grade of Delegated Appointment.

*Art. 60.* — The Mi-shu-kuan shall take charge of confidential and specified matters under the direction of the Minister.

The Li-shih-kuan shall take charge of matters under the direction of the Minister.

The Shih-woo-kuan shall attend to matters under the direction of superior officials.

The Shu-kuan shall attend to general office affairs under the direction of superior officials.

Supplementary law :

*Art. 61.* — The said organization shall come into force on the Ninth of March, the First Year of Ta-Tung.



Ordinance No. 10.

March 9th  
First year of Ta-Tung  
(1932)

*The Advisory Bureau.*

*Art. 1.* — The Advisory Bureau shall be subordinate to the State Council and shall assist various Departments to promote their administrations.

*Art. 2.* — The Advisory Bureau consists of the following staff members :

Chief of the Bureau — the Grade of Selected Appointment.

Li-shih-kuan — the Grade of Selected or Recommended Appointment.

Shih-woo-kuan — the Grade of Recommended Affairs.

Shu-kuan — the Grade of Delegated Appointment.

*Art. 3.* — The Chief of the Bureau shall supervise and direct his subordinate officials to take charge of the Bureau.

*Art. 4.* — The Chief of the Bureau shall submit reports to the Premier on promotion, dismissal, reward and punishment of the officials of and above the grade of Recommended Appointment.

*Art. 5.* — In case the Chief of the Bureau is unable to discharge his duties, one of the Li-shih-kuan shall be appointed to act in his stead.

*Art. 6.* — The Li-shih-kuan and Shih-woo-kuan shall attend to the duties under the direction of the Chief.

The Shu-kuan shall attend to general office affairs under the direction of superior officials.

*Art. 7.* — The Advisory Bureau consists of the following Divisions :

Division of General Affairs.

Division of Intelligence.

*Art. 8.* — Each Division shall have its own chief to be appointed from among the Li-shih-kuan. The Chief of a Division shall direct and supervise his subordinates to take charge of matters within their control.

*Art. 9.* — The General Affairs Division shall take charge of matters relating to :

- (1) Confidential Affairs.
- (2) Custody of official seals and files.
- (3) Personnel.
- (4) Accounting and general office affairs.

*Art. 10.* — The Intelligence Division shall take charge of matters relating to :

- (1) Publicity work to promote the spirit of the New State and of its political administration.
- (2) Popular education.
- (3) Popularization of the idea of self-government.

*Art. 11.* — The Advisory Bureau shall establish academies and institutions the regulations of which shall be separately determined.

*Art. 12.* — The said organization shall come into force on the Ninth of March the First Year of Ta-Tung.

Ordinance No. 8.

March 9th.  
First year of Ta-Tung.  
(1932)

*The Legislative Bureau.*

*Art. 1.* — The Legislative Bureau shall be subordinate to the State Council and shall take charge of matters relating to :

- (1) Draft and examination of proposed laws, ordinances, military orders, and orders of the State Council.
- (2) Examination of draft for treaty ratification.
- (3) Custody of original copies of laws, mandates, military orders, ordinances and orders of the State Council.
- (4) Investigation and research of legal systems of foreign countries.



*Art. 2.* — The Legislative Bureau consists of the following staff members :  
Chief of the Bureau — the Grade of Selected Appointment.  
Counsellors — the Grade of Selected or Recommended Appointment.  
Shih-woo-kuan — the Grade of Recommended Appointment.  
Shu-kuan — the Grade of Delegated Appointment.

*Art. 3.* — The Chief of the Bureau shall direct and supervise his subordinates and take full charge of the affairs of the Bureau.

*Art. 4.* — The Chief of the Bureau shall present reports to the Premier on promotion, demotion, reward, and punishment of the officials of and above the Grade of Recommended Appointment.

*Art. 5.* — In case the Chief of the Bureau is unable to discharge his duties, one of the Counsellors shall act in his stead.

*Art. 6.* — The Counsellors shall examine the proposals and make investigations under the direction of the Chief of the Bureau.

The Shih-woo-kuan shall take charge of matters under the direction of the Chief of the Bureau.

The Shu-kuan shall attend to general affairs under the direction of superior officials.

*Art. 7.* — The Legislative Bureau may create divisions the duties of which shall be determined by the Chief of the Bureau.

*Art. 8.* — The said organization shall come into force on the Ninth of March, the First Year of Ta-Tung.

Ordinance No. 9.

March 9th.  
First year of Ta-Tung  
(1932)

*Divisions of Statistics.*

*Art. 1.* — The Division of Statistics shall be attached to the Legislative Bureau.

*Art. 2.* — The Board of Statistics shall take charge of matters relating to :

- (1) Collection and examination of reports and statistical material from various government offices.
- (2) Statistics of fundamental conditions of the State.
- (3) Statistical research, domestic and foreign.
- (4) Compilation of Statistics.

*Art. 3.* — The Division of Statistics consists of the following staff members :  
Chief of the Division — the Grade of Selected Appointment.  
Tung-chi-kuan — the Grade of Selected or Recommended Appointment.  
Shih-woo-kuan — the Grade of Recommended Appointment.  
Shu-kuan — the Grade of Delegated Appointment.

*Art. 4.* — The Chief of the Statistics Division shall take charge of the affairs of the Division under the direction of the Chief of the Legislative Bureau.

*Art. 5.* — The Tung-chi-kuan shall take charge of statistical matters under the direction of the Chief of the Division.

The Shih-woo-kuan shall attend to matters under the direction of superior officials.

The Shu-kuan shall attend to general office affairs under the direction of superior officials.

*Art. 6.* — The Board of Statistical may create sections the duties of which shall be determined by the Chief of the Division.

*Art. 7.* — The said organization shall come into force on the Ninth of March, the First Year of Ta-Tung.



Ordinance No. 11.

March 9th  
First year of Ta-Tung  
(1932)

*Hsingan Provincial Bureau.*

*Art. 1.* — The Hsingan Provincial Bureau shall be subordinate to the State Council and shall assume all administrative duties of Hsingan Province and shall assist the Premier in directing the affairs of a specified area in Inner Mongolia under various banners.

*Art. 2.* — The Hsingan Provincial Bureau consists of the following staff members :

Minister — the Grade of Special Appointment.  
Vice-Minister — the Grade of Selected Appointment.  
Tsian-yu-kuan — the Grade of Selected or Recommended Appointment.  
Mi-shu-kuan — the Grade of Recommended Appointment.  
Li-shih-kuan — the Grade of Selected or Recommended Appointment.  
Chi-cheng — the Grade of Selected or Recommended Appointment.  
Shih-woo-kuan — the Grade of Recommended Appointment.  
Shu-kuan — the Grade of Delegated Appointment.

*Art. 3.* — The Minister shall have full supervision and general direction over his subordinates as regards affairs of the Bureau and over the Civil Governors of the sub-provinces of Hsingan Province.

*Art. 4.* — The Minister shall issue orders regarding the administrative affairs of the Province in accordance with his powers and special authorization.

*Art. 5.* — The Minister may cancel or suspend orders and decisions of the Civil Governors of Sub-provinces of Hsingan Province in case they are contrary to established rules or detrimental to the public welfare or encroach upon the authority of others.

*Art. 6.* — The Minister shall submit proposals to the Premier whenever necessary to establish, abolish or revise any laws, ordinances or orders relating to his primary duties.

*Art. 7.* — The Minister shall present reports to the Premier relating to appointment, dismissal, reward and punishment of the officials belonging to the Grade of Recommended Appointment.

*Art. 8.* — The Vice-Minister shall assist the Minister and take charge of general affairs, and in case the Minister is unable to discharge his duties, he shall act in his stead.

*Art. 9.* — The Counsellors shall offer advice on being consulted by the Minister and take charge of duties by special direction of the Minister.

*Art. 10.* — The Mi-shu-kuan shall take charge of confidential and specified matters under the direction of the Minister.

The Li-shih-kuan shall take charge of matters under the direction of the Minister.

The Chi-cheng shall attend to technical works under the direction of the Minister.

The Shih-woo-kuan shall attend to matters under the direction of superior officials.

The Shu-kuan shall attend to general office affairs under the direction of superior officials.

*Art. 11.* — The Hsingan Provincial Bureau consists of three Divisions :

Division of General Affairs.

Division of Political Affairs.

Division of Industrial Government.

*Art. 12.* — The General Affairs Division shall take charge of matters relating to :

- (1) Confidential Affairs.
- (2) Custody of official seals and files.
- (3) Personnel.
- (4) Accounting and general office affairs.

*Art. 13.* — The Political Affairs Division :

- (1) Local administration.
- (2) Self-government administration.
- (3) Police and local self-defence.
- (4) Religion.
- (5) Education.



*Art. 14.* — The Industrial Development Division :

- (1) Pasturage.
- (2) Agriculture and Forestry.
- (3) Mining.
- (4) Commerce and Industry.

*Art. 15.* — Each Division shall have its own Chief appointed from among the Li-shih-kuan or Chi-cheng.

The functions of each Division shall be determined by the Minister of the Bureau.

*Art. 16.* — The said organization shall come into force on the Ninth of March, the First Year of Ta-Tung.

Ordinance No. 13.

March 9th.  
First year of Ta-Tung  
(1932)

*Provincial Government.*

*Art. 1.* — A Provincial Government shall be established in every province (except Hsingan Province).

*Art. 2.* — The Provincial Governments consist of the following staff members :

- Governor — the Grade of Special Appointment.  
Li-shih-kuan — the Grade of Selected or Recommended Appointment.  
Mi-shih-kuan — the Grade of Selected or Recommended Appointment.  
Chi-cheng — the Grade of the Selected or Recommended Appointment.  
Shih-woo-kuan — the Grade of Recommended Appointment.  
Shih-hsueh — the Grade of Recommended Appointment.  
Shu-kuan — the Grade of Delegated Appointment.

*Art. 3.* — The Provincial Governor shall enforce ordinances and take charge of the administrative affairs of the Province under the direction and supervision of the Premier and the various Departmental Ministers, and shall have full supervision and general direction over his subordinates. The Provincial Governor shall submit reports to the Premier on promotion, dismissal, reward and punishment of the officials.

*Art. 4.* — The Provincial Governor shall issue orders regarding administrative affairs of the Province in accordance with his powers and special authorization.

*Art. 5.* — The Provincial Governor shall have full supervision and general direction over the Prefectural Governors in accordance with his powers and special authorization. The Provincial Governor may cancel or suspend orders and decisions of the Prefectural Governors in case they are contrary to established rules or detrimental to the public welfare, or encroach upon the authority of others.

*Art. 6.* — The Provincial Governor shall submit reports to the Premier in case military forces are required for the preservation of peace and order. In time of emergency, the Provincial Governor shall demand the despatch of troops to the Commander-in-Chief of the Provincial Army.

*Art. 7.* — The Li-shih-kuan shall take charge of matters under the direction of the Provincial Governor.

The Chi-cheng shall attend to technical works under the direction of the Provincial Governor.

The Shih-woo-kuan shall attend matters under the direction of superior officials.

The Shih-hsueh shall inspect the educational institutions and take charge of educational matters under the direction of superior officials.

The Shu-kuan shall attend to general official affairs under the direction of superior officials.

*Art. 8.* — The Provincial Government consists of the following five Bureaus. Each Bureau shall have a chief of Li-shi-kuan.

- (1) Bureau of General Affairs.
- (2) Bureau of Civil Affairs.
- (3) Bureau of Police.
- (4) Bureau of Commerce and Industry.
- (5) Bureau of Education.



*Art. 9.* — The Civil Affairs Bureau shall take charge of matters relating to :

- (1) Confidential Affairs.
- (2) Personnel.
- (3) Documents and statistics.
- (4) Custody of official seals.
- (5) Accounting.
- (6) Affairs not connected with other Bureaus.

*Art. 10.* — The Administration Bureau shall take charge of matters relating to :

- (1) Supervision of self-governing administration.
- (2) Public works.
- (3) Relief.
- (4) Control of property owned by the Government.
- (5) Land.
- (6) General administrative affairs not connected with other Bureaus.

*Art. 11.* — The Police Bureau shall take charge of matters relating to :

- (1) Police.
- (2) Sanitation.
- (3) Prohibition of opium.
- (4) Mediation of disputes.

*Art. 12.* — The Commerce and Industry Bureau shall take charge of matters relating to :

- (1) Agriculture, industry, commerce, forestry, mining, and marine products.
- (2) Control of the Government enterprise.
- (3) Reclamation and colonisation.
- (4) Agriculture fields and irrigation.
- (5) Weights and measures.

*Art. 13.* — The Education Bureau shall take charge of matters relating to :

- (1) Education and culture.
- (2) Custom and religion.

*Art. 14.* — The Chief of the Police Bureau shall take charge of police affairs under the direction of the Provincial Governor, and he shall have full supervisions and general direction over all police officials of the Province.

*Art. 15.* — The functions of each Bureau shall be determined by the Provincial Governor.

*Art. 16.* — The said organization shall come into force on the Ninth of March, the First Year of Ta-Tung.

Ordinance No. 7.

March 9th  
First year of Ta-Tung  
(1932)

*The Supervisory Council.*

*Art. 1.* — The Supervisory Council shall be directly subordinate to the Chief Executive and independent of the State Council.

*Art. 2.* — The Supervisory Council consists of :

- President — the Grade of Special Appointment.  
Chian-chia-kuan — the Grade of Selected or Recommended Appointment.  
Shen-chi-kuan — the Grade of Selected or Recommended Appointment.  
Mi-shu-kuan — the Grade of Selected or Recommended Appointment.  
Shi-woo-kuan — the Grade of Recommended Appointment.  
Shu-kuan — the Grade of Delegated Appointment.

*Art. 3.* — The President shall direct and supervise his subordinate officials in the conduct of the general management of the Council. In case the President is unable to discharge his duties, one of the Li-shih-kuan shall act in his stead.

*Art. 4.* — The President shall submit reports to the Premier relating to promotion and demotion, reward and punishment of the officials of and above the grade of Recommended Appointment.



*Art. 5.* — The Chian-chia-kuan shall take charge of supervisory duties under the direction of the President.

The Shen-kuan shall take charge of auditing duties under the direction of the President.

The Mi-shu-kuan shall take charge of confidential and specified matters under the direction of the President.

The Shih-woo-kuan shall attend to affairs under the direction of the superior officials.

The Shu-kuan shall attend to affairs under the direction of superior officials.

*Art. 6.* — The Supervisory Council consists of :

General Affairs Bureau.

Supervisory Bureau.

Auditing Bureau.

*Art. 7.* — The General Affairs Bureau shall take charge of matters relating to :

(1) Confidential affairs.

(2) Custody of official seals and files.

(3) Personnel.

(4) Official correspondence and statistics.

(5) Accounting and general office affairs.

*Art. 8.* — The General Affairs Bureau shall have a chief appointed from among the Mi-shu-kuan.

The Chief of the Bureau shall direct and supervise the subordinate officials in the conduct of the affairs of the Bureau under the direction of the President.

*Art. 9.* — The Supervisory Bureau shall take charge of the following affairs, excluding those of the auditing Bureau :

(1) Supervision over offenses and improper punishments of various governmental offices.

(2) Supervision over offenses of officials.

*Art. 10.* — The Supervisory Bureau shall have a Chief appointed from among the Chian-chia-kuan. The Chief of the Bureau shall take charge of affairs of the bureau under the direction of the President.

*Art. 11.* — The Auditing Bureau shall take charge of matters relating to :

(1) Supervision of the budgets of various governmental offices.

(2) Examination of receipts, expenditures and settlements of accounts of various governmental offices.

(3) Examination of cash, documentary securities and articles possessed by various governmental offices.

(4) Examination of cash and security transactions made by various governmental offices through the banks.

(5) Examination of the accounts of public and private organizations established in accordance with special laws.

(6) Supervision of offenses of officials.

*Art. 12.* — The Auditing Bureau shall have a chief appointed from among the Shen-chi-kuan.

The Chief of the Bureau shall take charge of affairs under the direction of the President.

*Art. 13.* — The statements of supervision and auditing shall be certified at the meeting of the Bureau and submitted to the Chief Executive by the President.

*Art. 14.* — As the result of supervision and auditing, when offenses of the administrative offices and their improper punishments require readjustments, the President may, according to the resolutions adopted by the meeting of the Bureau, submit opinions to the Premier and ask for his opinion regarding their dispositions.

*Art. 15.* — As the result of auditing, if the officials are found liable to indemnification, the President, according to the resolution of the Supervisory Bureau Meeting, shall communicate the same to the Premier for enforcement after determining the degree of responsibility.

*Art. 16.* — As the result of supervision, when punishments of the officials are found necessary, the President may, according to the resolution of the Bureau meeting, commit such officials for punishment to the Commission for the Disciplinary Punishment of Officials.



*Art. 17.* — The President may at times submit statements of supervision and auditing to the Chief Executive with his opinions and also opinions as regards administrative legal revision when found necessary.

*Art. 18.* — Detailed regulations of the functions of the Supervisory Council shall be determined by ordinance.

*Art. 19.* — This law shall come into force on the Ninth of March, the First Year of Ta-Tung.



## ORGANISATION OF THE MANCHOUKUO GOVERNMENT.

|                                                                            |                                                                       |                            |                                  |                             |                                 |
|----------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------|----------------------------------|-----------------------------|---------------------------------|
| <div>Chief Executive</div> <div>Privy Council</div> <div>Secretariat</div> | Legislative Council                                                   | General Affairs Board      | Secretariat Bureau               | Department of Civil Affairs | Bureau of General Affairs       |
|                                                                            |                                                                       |                            | Personnel Bureau                 |                             | Bureau of Local Administration  |
|                                                                            |                                                                       |                            | Financial Bureau                 |                             | Bureau of Police Administration |
|                                                                            |                                                                       |                            | Supplying Bureau                 |                             | Bureau of Public Works          |
|                                                                            |                                                                       |                            |                                  |                             | Bureau of Public Health         |
|                                                                            |                                                                       |                            |                                  |                             | Bureau of Education             |
|                                                                            |                                                                       |                            |                                  |                             | Bureau of Land                  |
|                                                                            |                                                                       |                            |                                  |                             | Metropolitan Police Bureau      |
|                                                                            |                                                                       |                            |                                  |                             | Bureau of General Affairs       |
|                                                                            |                                                                       |                            |                                  |                             | Bureau of Commercial Affairs    |
|                                                                            |                                                                       |                            | Bureau of Political Affairs      |                             |                                 |
|                                                                            |                                                                       |                            | Bureau of General Staff          |                             |                                 |
|                                                                            |                                                                       |                            | Bureau of Military Supply        |                             |                                 |
|                                                                            |                                                                       |                            | Bureau of General Affairs        |                             |                                 |
|                                                                            |                                                                       |                            | Bureau of Taxation               |                             |                                 |
|                                                                            |                                                                       |                            | Bureau of Finance                |                             |                                 |
|                                                                            |                                                                       |                            | Bureau of General Affairs        |                             |                                 |
|                                                                            |                                                                       |                            | Bureau of Agriculture and Mining |                             |                                 |
|                                                                            |                                                                       |                            | Bureau of Industry and Commerce  |                             |                                 |
|                                                                            |                                                                       |                            | Bureau of General Affairs        |                             |                                 |
|                                                                            |                                                                       | Bureau of Railways         |                                  |                             |                                 |
|                                                                            |                                                                       | Bureau of Postal Affairs   |                                  |                             |                                 |
|                                                                            |                                                                       | Bureau of Water-Transport  |                                  |                             |                                 |
|                                                                            |                                                                       | Bureau of General Affairs  |                                  |                             |                                 |
|                                                                            |                                                                       | Bureau of Judicial Affairs |                                  |                             |                                 |
|                                                                            |                                                                       | Bureau of Execution        |                                  |                             |                                 |
| Courts                                                                     | Supreme Court — Higher Court — District Court                         |                            |                                  |                             |                                 |
|                                                                            | Supreme Procuratorate — Higher Procuratorate — District Procuratorate |                            |                                  |                             |                                 |



Appendix VI

Ordinance No. 3.

March 9th  
First Year of Ta-Tung  
(1932)

THE FORMER LAWS SHALL HEREBY BE PROVISIONALLY ADOPTED  
AND PROMULGATED.

*Provisional Adoption of Former Laws.*

*Art. 1.* — The laws which have heretofore been in force, in so far as their provisions are not in conflict with the fundamental policy of the establishment of the State, national conditions and laws, shall be uniformly adopted provisionally.

*Art. 2.* — In case no laws are found acceptable by reason of their being in contradiction to the provisions set forth in the preceding article, the laws over those which have been invalidated by the order of the Kuomintang government, may be put in force if they are in accordance with the provisions of the preceding article.

*Art. 3.* — In case no laws are found applicable, owing to the existence of the two preceding articles, existing customs and usages shall be observed and in case neither of these is in existence, discretion shall be exercised.

*Art. 4.* -- This ordinance shall be put into force on the Ninth of March, the First year of Ta-Tung.



THE UNIVERSITY OF BIRMINGHAM  
SCHOOL OF EDUCATION  
EDUCATION IN THE 21ST CENTURY  
A CHALLENGE FOR THE FUTURE  
The following text is a summary of the key findings of the research project. It is intended to provide a clear and concise overview of the main results and conclusions of the study. The text is organized into several sections, each dealing with a different aspect of the research. The first section discusses the background and aims of the project. The second section describes the methodology used in the study. The third section presents the results of the research, and the fourth section discusses the implications of these findings for education in the 21st century. The final section provides a conclusion and some suggestions for further research.



